

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

**COMPLETE RETREATS, LLC
AND ITS AFFILIATES**

as Sellers

AND

ULTIMATE RESORT, LLC

as Buyer

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of November 28, 2006 (the "Effective Date"), is made by and between (i) Complete Retreats, LLC, a Delaware limited liability company ("Complete Retreats") and each of its affiliated debtors listed on the signature pages hereto (collectively, with Complete Retreats, the "Sellers") in Case No. 6-50245(AWHS) (the "Bankruptcy Case") pending in the United States Bankruptcy Court for the District of Connecticut (the "Bankruptcy Court") and (ii) Ultimate Resort, LLC, a Florida limited liability company or its designee(s) for all or any portion of the assets (collectively, the "Buyer"). Capitalized terms used in this Agreement are defined in the body of this Agreement and in Article 11.

BACKGROUND INFORMATION

A. The Sellers operate a destination club business (the "Business") and own various properties listed on Exhibit A (the "Properties").

B. Sellers commenced the Bankruptcy Case pursuant to chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code") in the Bankruptcy Court on July 23, 2006 (the "Petition Date")¹.

C. Buyer desires to purchase the Acquired Assets and assume the Assumed Liabilities from the Sellers, and the Sellers desire to sell, convey, assign and transfer to Buyer, the Acquired Assets together with the Assumed Liabilities, all in the manner and subject to the terms and conditions set forth in this Agreement and in accordance with sections 105, 363 and 365 and other applicable provisions of the Bankruptcy Code.

D. The Acquired Assets and Assumed Liabilities are assets and liabilities of the Sellers, which are to be purchased and assumed by Buyer pursuant to an Order of the Bankruptcy Court approving such sale pursuant to sections 105, 363 and 365 of the Bankruptcy Code (in form and substance acceptable to the Buyer, the "Sale Order"), which Sale Order will include the authorization for the assumption by the Sellers and assignment to Buyer of certain executory contracts and unexpired leases and liabilities thereunder under section 365 of the Bankruptcy Code, all in the manner and subject to the terms and conditions set forth in this Agreement and the Sale Order and in accordance with other applicable provisions of the Bankruptcy Code.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and their respective representations, warranties, covenants and agreements herein contained, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Sellers and Buyer hereby agree as follows:

¹ The bankruptcy case of Seller DR Abaco, LLC was filed on August 18, 2006.

ARTICLE 1. PURCHASE AND SALE OF THE ACQUIRED ASSETS.

Section 1.1 Transfer of Acquired Assets. At the Closing, and upon the terms and conditions herein set forth, each of the Sellers shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall acquire from the Sellers, all of the Sellers' right, title and interest in, to and under the Acquired Assets free and clear of all Liens except for Permitted Liens. "Acquired Assets" shall mean all of the Sellers' properties, assets and rights of whatever kind and nature, real or personal, tangible or intangible, used or owned by the Sellers as of the Closing Date, including, without limitation, the following property (but excluding the Excluded Assets):

(a) all owned real property and all ownership interests in real property (including the Properties), together with all appurtenant rights, privileges and easements belonging to or appertaining to such real property and all Improvements erected thereon (the "Real Property") and all Claims related thereto, other than the Excluded Real Property;

(b) all (i) equipment, machinery, furniture, fixtures and improvements, tooling and spare parts owned, leased and used in connection with the Properties or the Business, and (ii) rights to the warranties and licenses received from manufacturers and lessors related thereto;

(c) all Contracts (other than the Existing Membership Contracts) that are executory and unexpired as of the Closing Date (including, without limitation, those that are listed on Schedule 1.1(c)) as such schedule may be updated jointly by Buyer and the Sellers prior to Closing (the "Executory Contracts") and all Unexpired Leases (the "Unexpired Leases"), other than the Excluded Contracts and Leases and Contracts that have been rejected pursuant to the Bankruptcy Code prior to the date hereof (collectively, the "Assumed Contracts");

(d) any computer software (including, without limitation, process control software) used in the Business;

(e) to the extent transferable under applicable Law, all permits, authorizations and licenses issued by any Government and all pending applications therefor relating to the Properties or the Business (the "Permits"), including, without limitation, those Permits set forth on Schedule 1.1(e);

(f) copies or, where required by applicable law or regulation, originals of all books, records and files in the Sellers' possession related to the Acquired Assets, including, without limitation, plans, data, test results, drawings, diagrams, training manuals, safety and environmental reports and documents, maintenance schedules and operating records, whether in hard copy or electronic format;

(g) [Intentionally Omitted];

(h) all general intangibles (including, without limitation, those listed on Schedule 1.1(h)), including without limitation, all trademarks, trademark licenses,

patents, copyrights, trade names, trade systems, websites, including any server, software, or other equipment or program associated with such websites, domain names, books and records including employee books and records, (collectively, the "Intangible Property");

(i) [Intentionally Omitted]

(j) all outstanding purchase orders or other commitments to suppliers of goods and services for materials, supplies or other items (the "Purchase Orders");

(k) all inventory, including all inventory located on the Real Property, or in the possession of any third-party bailees (the "Inventory");

(l) all prepaid insurance premiums and deposits relating to the Acquired Assets or the Business including, without limitation, deposits held by utilities or under any Contract, and all rights to insurance proceeds or other insurance recoveries relating to the Acquired Assets or the Business;

(m) all owned cars, trucks, boats and other motor vehicles ("Motor Vehicles"), and Sellers' fractional jet ownership interest;

(n) all rights to the warranties received from suppliers with respect to Inventory and related Claims with respect thereto;

(o) [Intentionally Omitted]

(p) all rights to recovery of collateral given to obtain letters of credit;

(q) [Intentionally Omitted];

(r) any and all rights, claims, credits, allowances, rebates, causes of action, known or unknown, pending or threatened of Sellers (the "Claims") relating to the title to, or use or enjoyment of, Acquired Assets or the Business, except Claims described in Section 1.2(h), Section 1.2(i) or Section 1.2(j); and

(s) all other assets that relate to or are used in the Business.

To the extent that the Acquired Assets would include the stock of certain non-Seller entities, the parties will cooperate to structure the purchase of the assets of the non-Seller entities in a manner that protects the interests of the parties hereto.

Section 1.2 Excluded Assets. The Acquired Assets do not include any of the Sellers' right, title and interest in, to and under the following properties and assets of the Sellers (all such assets not being acquired by Buyer being herein referred to as the "Excluded Assets"):

(a) all in force Director and Officer insurance policies;

(b) all capital stock or equivalent ownership interests, including, without limitation, limited liability interests (the "Debtor Stock") of the Sellers;

(c) all corporate seals, minute books, charter documents, record books, original tax and financial records and such other files, books and records as pertain to any of the Excluded Assets or to the organization, existence or capitalization of any Seller;

(d) all amounts due to Sellers from any other Seller or any Affiliate of Sellers;

(e) originals (except to the extent the originals are required to be Acquired Assets and, in those cases, copies) of all files and records described in Section 1.1(f);

(f) the Excluded Real Property, all equipment, machinery, fixtures, improvements, tooling, spare parts, and Inventory located thereon and warranties, licenses and claims related thereto, all permits, authorizations and licenses issued by any Government and all pending applications therefor relating to the Excluded Real Property;

(g) the Existing Membership Contracts and those Contracts and Unexpired Leases listed on Schedule 1.2(g) as such schedule may be modified by Buyer in writing prior to the Closing Date (the "Excluded Contracts and Leases");

(h) Claims arising under sections 502, 510, 541, 542, 544 through 551 and 553 of the Bankruptcy Code or under similar state Laws, including, without limitation, fraudulent conveyance claims, and all other causes of action of a trustee and debtor-in-possession under the Bankruptcy Code, of Sellers or any Affiliate of Sellers, including but not limited to, Claims arising out of or relating in any way to the Bankruptcy Cases, or any of the transactions contemplated thereby or entered into as a consequence thereof, including, without limitation, any claims (as defined in section 101(5) of the Bankruptcy Code) filed, scheduled or otherwise arising in the Bankruptcy Cases and any defenses of Sellers or any Affiliates of Sellers regarding the allowance or disallowance of any such Claims; provided, that the pursuit of any such Claims against Continuing Employees will be limited as provided in Section 5.1(f);

(i) any and all Claims of Sellers against any current or former employees of any of the Sellers;

(j) any and all Claims of the Sellers against any party asserting a claim or cause of action against the Sellers or their estates but only to the extent available to offset any claim of such party against the Sellers or their estates;

(k) any and all Claims of Sellers that do not relate to the Business, the Acquired Assets or the Properties;

(l) all personnel records and books, records and files that any Seller is required by Law to retain in its possession; and

(m) all rights of any Seller under this Agreement and the Ancillary Agreements.

Section 1.3 Assumption of Liabilities. At the Closing, Buyer shall assume, and Buyer hereby agrees to thereafter pay, perform and discharge when due, and indemnify, defend and hold harmless the Sellers, their Affiliates and all of their respective Related Persons from and against, all of, and only of, the following liabilities (the "Assumed Liabilities"):

(a) all post-petition ordinary course liabilities and obligations in an amount not to exceed \$200,000 for the accounts payable set forth on Schedule 1.3(a) (as such schedule may be updated jointly by Buyer and the Sellers prior to the Closing), except for Sellers' breaches or violations of law related thereto;

(b) all liabilities and obligations arising out of the Assumed Contracts and all cure costs required to be paid pursuant to section 365 of the Bankruptcy Code in connection with the assumption and assignment of the Assumed Contracts (the "Cure Costs"), provided that such Cure Costs shall be a dollar for dollar reduction in the cash portion of the Purchase Price;

(c) all liabilities and obligations arising from facts, events or circumstances occurring on or after the Closing Date relating to or arising out of the Acquired Assets, the Assumed Liabilities or the Business;

(d) all liabilities and obligations arising from the severance of any employee of any of the Sellers arising on or after the Effective Date provided that the Buyer's liability with respect to such severance obligations incurred prior to the Closing Date shall not exceed \$100,000;

(e) all existing reservations of Members accepting New Membership Contracts with respect to those Properties included in the Acquired Assets and, to the extent possible upon Buyer's commercially reasonable efforts in good faith to accommodate such requests, the existing reservations of Members accepting New Membership Contracts with respect to those properties not included in the Acquired Assets that can be transferred to other properties owned or leased by the Buyer or to which the Buyer has access through Ultimate Resort, LLC; and

(f) all existing reservations of the Sellers' members for travel through March 31, 2007 who do not accept New Membership Contracts (a "Non-Accepting Member") with respect to those Properties included in the Acquired Assets and, to the extent possible upon Buyer's commercially reasonable efforts in good faith to accommodate such requests, the existing reservations of the Non-Accepting Members with respect to those properties not included in the Acquired Assets that can be transferred to other properties owned or leased by the Buyer or to which the Buyer has access through Ultimate Resort, LLC; provided that (a) each such Non-Accepting

Member is current on all on-going obligations for dues owed to the Sellers through the month in which the travel occurs, (b) such Non-Accepting Member timely pays all the nightly fees for the reservation which they want the Buyer to honor, (c) after the earlier of (I) entry into the Management Agreement or (II) the Closing Date, all dues and nightly fees are remitted to the Buyer and (d) such Non-Accepting Member executes a waiver of liability or short-term membership agreement reasonably acceptable to Buyer.

Section 1.4 Retention of Liabilities. Buyer is assuming only the Assumed Liabilities and is not assuming any other liability or obligation of any of the Sellers of whatever nature, whether presently in existence or arising hereafter. All such other liabilities and obligations shall be retained by and remain liabilities and obligations of the Sellers and the Sellers hereby agree to pay, perform and discharge when due, and indemnify, defend and hold harmless Buyer, its Affiliates and all of their respective Related Persons from and against such liabilities and obligations (all such liabilities and obligations not being assumed being herein referred to as the "Excluded Liabilities"). The Excluded Liabilities include, without limitation, the following liabilities and obligations:

(a) all liabilities and obligations of the Sellers relating to any environmental, health or safety matter (including, without limitation, any liability or obligation arising under any Environmental Law) (i) relating to any property and to the extent arising from facts, events or circumstances occurring prior to the Closing Date or (ii) resulting from the transport, disposal or treatment of any Hazardous Materials to the extent occurring prior to the Closing Date; and

(b) all liabilities and obligations of the Sellers to all present and former stockholders and Members to the extent arising from facts, events or circumstances occurring prior to the Closing Date other than as set forth in Section 1.3(e).

Section 1.5 Non-Assignment of Contracts. Anything contained herein to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any Assumed Contract, Permit or other Acquired Asset if, and only if, notwithstanding the provisions of sections 363 and 365 of the Bankruptcy Code, an attempted assignment thereof, without the consent of the third party thereto, would constitute a breach thereof. If, notwithstanding the provisions of sections 363 and 365 of the Bankruptcy Code, such consent or approval is required but not obtained, the Sellers will, to the extent practicable, make commercially reasonable efforts to cooperate with Buyer without further consideration in any reasonable arrangement designed to both (a) provide Buyer with the benefits of or under any such Assumed Contract, Permit or other Acquired Asset and (b) cause Buyer to bear all costs and obligations of or under any such Assumed Contract, Permit or other Acquired Asset in accordance with Section 1.3. Any assignment to Buyer of any Assumed Contract, Permit or other Acquired Asset that shall, notwithstanding the provisions of sections 363 and 365 of the Bankruptcy Code, require the consent or approval of any third party for such assignment as aforesaid shall be made subject to such consent or approval being obtained.

Section 1.6 Management Contract. Buyer and Sellers shall negotiate in good faith toward a management contract (the "Management Contract"). The Management Contract shall provide that if the Closing has not occurred on or prior to December 29, 2006, Buyer shall assume management of the Sellers' Business and thereafter shall fund any operating expenses and retain any operating revenues.

ARTICLE 2. CONSIDERATION

Section 2.1 Consideration. The aggregate consideration for the sale and transfer of the Acquired Assets is (i) \$98,000,000 payable in cash (the "Purchase Price"), which price shall be payable and deliverable in accordance with Section 3.3, and (ii) the assumption by Buyer of the Assumed Liabilities.

Section 2.2 Deposit. On the Effective Date, the Buyer will deliver to the Sellers by wire transfer of immediately available funds a deposit (the "Deposit") in the amount of \$4,000,000, which Deposit shall be held by the Sellers in escrow pursuant to the terms hereof.

(a) Patriot Payoff. On the date that the Approval Order is approved by the Bankruptcy Court, the Sellers shall be entitled to apply \$3,675,000 (the "Patriot Payoff") of the Deposit to pay off the debt owed to The Patriot Group, LLC, ("Patriot") pursuant to the Holdback as used in and authorized by the Second Amendment to Final Order Authorizing (A) Secured Postpetition Financing on a Super Priority Basis Pursuant to 11 U.S.C. § 364, (B) Use of Cash Collateral Pursuant to 11 U.S.C. § 363 and (C) Grant Of Adequate Protection Pursuant to 11 U.S.C. §§ 363 and 364 (the "Second DIP Modification Order"), entered by the Bankruptcy Court on November 14, 2006 (Docket No. 920), provided that the Buyer shall be entitled to the priority, security, and other rights afforded to Patriot (other than the interest rate and exit fee) under the Second DIP Modification Order; provided, that (i) such priority, security and other rights (including, without limitation, the right to any repayment of the debt) shall terminate on the Closing Date and application of the Deposit to the Purchase Price, (ii) the right to any repayment provided thereunder shall be reduced to 50% of the Deposit in the event of termination of this Agreement under Sections 8.2(c) or (d) hereof and (iii) nothing herein shall prohibit the Sellers from retaining the Deposit to the extent they are entitled to hereunder.

(b) Deposit Balance. The balance of the Deposit remaining after making the Patriot Payoff shall be held in escrow by the Sellers until the earlier of (i) the release of the Deposit to the Sellers at the Closing or (ii) the release of the Deposit pursuant to Section 8 of this Agreement.

ARTICLE 3. CLOSING AND DELIVERIES

Section 3.1 Closing. The consummation of the transactions contemplated hereby (the "Closing") shall take place at the offices of Dechert LLP at 30 Rockefeller Plaza, New York, New York on the second Business Day following the

satisfaction or waiver by the appropriate party of all the conditions contained in Article 7 hereof, or on such other date and/or at such other place and time as may be mutually agreed to by the parties hereto, but in any event no later than December 31, 2006 (the "Closing Date").

Section 3.2 Sellers' Deliveries. The sale, transfer, assignment and delivery by Sellers of the Acquired Assets to Buyer, as herein provided, shall be effected on the Closing Date by quit claim deed or deeds, bills of sale, endorsements, assignments and other instruments of transfer and conveyance, consistent with the terms of this Agreement satisfactory in form and substance to Buyer and Sellers. The Sellers shall provide those documents and instruments listed on Schedule 3.2 hereto related to the Properties (or such other documents as are agreed to by the parties are substituted for such documents as agreed to by the Buyer and Sellers) and such other documents or instruments as are deemed reasonably necessary by the Buyer.

Section 3.3 Buyer's Deliveries. At the Closing:

(a) The Deposit shall be released to and deemed fully earned by Sellers in accordance with the terms of this Agreement on the Closing Date and shall be credited as paid by Buyer.

(b) Buyer shall pay to Sellers the cash portion of the Purchase Price less (i) the Deposit, and (ii) an amount equal to the Cure Costs, by wire transfer of immediately available funds to the account designated by the Sellers in writing; and

(c) Buyer shall execute and deliver to Sellers instruments of assumption of liabilities with respect to the Assumed Liabilities reasonably satisfactory in form and substance to Sellers.

Section 3.4 Employee Matters. Prior to the Closing Date, Buyer shall offer employment to all of Sellers' employees who agree to forever waive, release and discharge to the fullest extent permitted by law Sellers, the Sellers' bankruptcy estates, and all of Sellers' officers, directors, employees, and agents from any and all claims (including, without limitation, cross claims, counterclaims, rights of set-off and recoupment), causes of action, demands, suits, costs, expenses and damages. Such employment will be on terms and conditions substantially similar to those that exist as of the Closing Date with such employment to commence as of the Closing Date. Those persons who accept Buyer's offer of employment shall become Continuing Employees of the Buyer on the Closing Date; provided that the Sellers shall be responsible for all payroll costs (other than severance as set forth in Section 1.3(d)) through and including the Closing Date for all Continuing Employees hired by Buyer. Effective as of the Closing Date, the Sellers shall be responsible for all responsibilities and obligations for continuation coverage under Section 601 et seq. of ERISA ("COBRA Obligations") and any state continuation coverage requirements with respect to any employees who either are not offered employment by or do not accept employment with Buyer and their beneficiaries.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of Sellers. Each of the Sellers represents and warrants to Buyer as follows:

(a) Organization. Each Seller is a limited liability company (or other entity), duly organized and validly existing and in good standing under the Laws of the jurisdiction of its formation or organization. Subject to any necessary authority from the Bankruptcy Court, each Seller has all requisite limited liability company, or other, power and authority to own its properties and assets and to consummate the transactions contemplated hereby and by the Ancillary Agreements to which it is a party.

(b) Authorization and Validity. Each Seller has all requisite limited liability company, or other, power and authority to enter into this Agreement and the Ancillary Agreements to which it is a party and, subject to (i) the Bankruptcy Court's entry of the Sale Order, and (ii) the receipt of the consents, waivers, notices, filings and approvals set forth on Schedule 4.1(d), to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and those Ancillary Agreements to which it is a party and its performance of its obligations hereunder and thereunder have been duly authorized by all necessary limited liability company, or other, action by the board of directors or managers, as applicable, of each Seller, and no other limited liability company or other legal action on the part of such Seller is necessary to authorize such execution, delivery and performance. This Agreement and each of the Ancillary Agreements to which each Seller is a party have been duly executed by such Seller and, subject to the Bankruptcy Court's entry of the Sale Order, constitute its valid and binding obligations, enforceable against it in accordance with their terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium, and other laws affecting creditors' rights generally from time to time in effect and to general equitable principles.

(c) No Conflict or Violation. Subject to (i) the Bankruptcy Court's entry of the Sale Order, and (ii) the receipt of the consents, waivers, notices, filings and approvals set forth on Schedule 4.1(d), the execution, delivery and performance by each Seller of this Agreement and those Ancillary Agreements to which it is a party (x) do not and will not violate or conflict with any provision of the certificate of formation or organization, operating agreement or other organizational documents of such Seller, (y) do not and will not violate any provision of law, regulation, rule or other legal requirement of any Government ("Law") or any order, judgment or decree of any court or Government ("Order") applicable to such Seller, and (z) do not and will not violate or result in a breach of or constitute (with due notice or lapse of time or both) a default under, or require notice or a filing related to, any material contract, lease, loan agreement, mortgage, security agreement, trust indenture or other agreement or instrument ("Contract"), to which such Seller is a party or by which it is bound or to which any of its properties or assets is subject, in each case, which violation, conflict, breach or default (i) is not permitted by the Bankruptcy Code or (ii) would reasonably be expected to cause a Material Adverse Effect.

(d) Consents and Approvals. Schedule 4.1(d) sets forth a true and complete list of each material consent, waiver, notice, filing, authorization or approval of any Government or of any other Person (other than the Bankruptcy Court's entry of the Sale Order), and each material declaration to or filing or registration with any such Government (other than those required to be made to or filed with the Bankruptcy Court), that is required in connection with the execution and delivery of this Agreement and each of the Ancillary Agreements to which any Seller is a party by such Seller or the performance by any Seller of its obligations hereunder and thereunder.

(e) Compliance with Law. Except as set forth on Schedule 4.1(e) and as may result from the Bankruptcy Case (and other than any violation of Environmental Laws, the only representation as to which is made in Section 4.1(l)), no Seller is in violation of any Law, nor is any Seller in default with respect to any Order, applicable to the Acquired Assets, other than violations or defaults the consequences of which would not reasonably be expected to cause a Material Adverse Effect.

(f) Litigation. As of the date of this Agreement, and except as set forth on Schedule 4.1(f) or Schedule 4.1(l), there are no material claims, actions, suits, proceedings or investigations pending or, to the Seller's Knowledge, material claims, actions, suits, proceedings or investigations threatened, at law or in equity or before or by any federal, state, municipal or other governmental department or court brought by or against any Seller.

(g) Title and Ownership. Each Seller has good title to, or right by license, lease or other agreement to use, the Acquired Assets. Subject to the entry of the Sale Order, at the Closing, each Seller will have the right to transfer the Acquired Assets to Buyer free and clear of all Liens, other than Liens included in the Assumed Liabilities and Permitted Liens.

(h) Assumed Contracts. Complete and correct copies (including all material modifications and amendments) of the Assumed Contracts have been provided or made available to Buyer. As of the date of this Agreement, other than as set forth on Schedule 4.1(h), none of the Sellers nor, to Seller's Knowledge, any other party to any of the Assumed Contracts, have commenced any action against any of the parties to such Assumed Contracts that was not withdrawn or dismissed, except only for those defaults that will be cured in accordance with the Sale Order (or that need not be cured under the Bankruptcy Code to permit the assumption and assignment of the Assumed Contracts). Each of the Assumed Contracts and Unexpired Leases is, or will be at the Closing but prior to the assignment to Buyer, valid, binding and in full force and effect against Sellers, except as otherwise set forth on Schedule 4.1(h).

(i) [Intentionally Omitted]

(j) [Intentionally Omitted]

(k) [Intentionally Omitted]

(l) Environmental Matters. Except as set forth on Schedule 4.1(l):

(i) There has been no material release, threatened release, spill, leak, discharge or emission of any Hazardous Materials to the air, surface water, groundwater or soil of the Real Property requiring corrective action that has not been undertaken under, or that is a violation of, any applicable Environmental Laws.

(ii) Sellers are in material compliance with Environmental Laws.

(iii) There has been no material complaint, Order, directive, claim, citation, notice, or written information request by any Government or any other Person with respect to any release, threatened release, spill, leak, discharge or emission of any Hazardous Materials to the air, surface water, groundwater or soil of the Real Property that is a violation or alleged violation of any applicable Environmental Laws.

(m) ERISA.

(i) Schedule 4.1(m) lists or describes each “employee benefit plan” (as such term is defined in Section 3(3) of ERISA) maintained or contributed to by (or required to be maintained or contributed to by) Sellers on behalf of any current or former employee of the Business, and each other plan, arrangement, policy or understanding (whether written or oral) relating to retirement, compensation, deferred compensation, bonus, severance, fringe benefits or any other employee benefits maintained or contributed to by (or required to be maintained or contributed to by) Sellers for the benefit of any current or former employee of the Business. Each item listed or required to be listed on Schedule 4.1(m) is referred to herein as a “Seller Employee Benefit Plan”.

(ii) Except as set forth on the Schedule 4.1(m), (i) no asset of Sellers that is to be acquired by Buyer, directly or indirectly, pursuant to this Agreement is subject to any Lien under ERISA or the Tax Code with regard to any Seller Employee Benefit Plan; and (ii) Sellers have not incurred any liability under Title IV of ERISA (other than for contributions not yet due) or to the Pension Benefit Guaranty Corporation (other than for payment of premiums not yet due) with respect to any Seller Employee Benefit Plan; and (iii) there are no pending or, to the Seller’s Knowledge, threatened actions, suits, investigations or claims with respect to any Seller Employee Benefit Plan (other than routine claims for benefits) which could result in any material liability to Buyer (whether direct or indirect).

(n) Zoning. Except as set forth on Schedule 4.1(n), to the Sellers’ Knowledge, each of the Properties complies in all material respects with all applicable zoning, building, fire and safety codes or regulations and there is no plan or study by any Governmental Entity to alter or change the zoning of any of the Properties. To the Sellers’ Knowledge and except as set forth on Schedule 4.1(n), the use of the Properties complies with all applicable homeowners’ or condominium association rules,

regulations codes, or declarations and Sellers' have not received any notices from any homeowners' associations, condominium associations, or similar entities regarding Sellers use of the Properties in the conduct of their Business, alleging non-compliance with any such rules, regulations, codes or declarations, except where such non-compliance would not reasonably be expected to cause a Material Adverse Effect.

(o) Rights of Use and Occupancy. Except as set forth on Schedule 4.1(o), Sellers have the exclusive right of use and occupancy of the Properties. Except as set forth on Schedule 4.1(o), there are no contracts or agreements to which any of the Sellers is a party or by which any of the Properties is bound, granting to any person the right of use or occupancy of any portion of any of the Properties. Except as set forth on Schedule 4.1(o), all water, sewer, gas, electric, telephone and drainage facilities and all other utilities and public and quasi-public improvements upon or adjacent to the Properties required by law or for the normal operation of the Properties are available and are or were adequate for Sellers' use of the Properties. Except as set forth on Schedule 4.1(o), the heating, ventilation, air conditioning, sewer, water, plumbing, electrical, gas, and other mechanical systems on the Properties are in good working order and no repairs with respect thereto are required for the operation of the Properties, except where any such failure to be in good working order or need for repairs would be deemed material with respect to such Property. Except as set forth on Schedule 4.1(o), no material repairs are required to the roof, foundation, exterior walls, floors, ceilings or supporting members of any of the Properties, and, without limiting the generality of the foregoing, there are no defects in any of the Properties which affect use of the Properties except where such defects would not reasonably be expected to have a Material Adverse Effect.

(p) Historic Costs. The information provided by Sellers to Buyer related to employee salaries, headcount and historic operating costs is true and correct in all material respects.

(q) Taxes. Subject to Section 4.3 hereof, Sellers and each Seller Subsidiary (as defined below) represent and warrant as follows:

(i) Except as set forth on Schedule 4.1(q), Sellers, and any subsidiary included in the Acquired Assets ("Seller Subsidiary"), has filed all material applicable federal, state, local and foreign tax returns required to be filed, in accordance with provisions of law pertaining thereto, and, unless an adequate reserve for such Taxes has been established, has paid all material taxes, interest, penalties and assessments (including, without limitation, income, withholding, excise, unemployment, Social Security, occupation, transfer, franchise, property, sales and use taxes, import duties or charges, and all penalties and interest in respect thereof) required to have been paid with respect to or involving (i) the Acquired Assets, or (ii) any asset of any Seller Subsidiary. Neither Sellers nor any Seller Subsidiary have been advised that any of their returns, federal, state, local or foreign, have been or are being audited. There are no unsatisfied Liabilities for Taxes (including liabilities for interest, additions to tax and penalties thereon and related expenses) with respect to any notice of deficiency or similar document received by or on behalf of Sellers or any Seller Subsidiary. The

Sellers and Seller Subsidiaries have delivered to (or made available for inspection by) Buyer accurate and complete copies of all Tax Returns that have been filed on behalf of or with respect to the Sellers or Seller Subsidiaries since December 31, 2002. The information contained in such Tax Returns is accurate and complete in all material respects.

(ii) The Seller Subsidiaries have not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(iii) There are no liens on any of the Acquired Assets, nor are there in regard to assets of the Seller Subsidiaries, that arose in connection with any failure (or alleged failure) to pay any Tax, except for liens for Taxes not yet due.

(iv) Sellers and the Seller Subsidiaries have withheld and paid all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party.

Section 4.2 Representations and Warranties of Buyer. Buyer hereby represents and warrants to Sellers as follows:

(a) Corporate Organization. Buyer is a limited liability company duly incorporated, validly existing and in good standing under the Laws of the jurisdiction of its formation, and has all requisite corporate power and authority to own its properties and assets and to conduct its business as now conducted.

(b) Qualification to do Business. Buyer is duly qualified to do business as a limited liability company and is in good standing in every jurisdiction in which the character of the properties owned or leased by it or the nature of the business conducted by it makes such qualification necessary.

(c) Authorization and Validity of Agreement and the Ancillary Agreements. Buyer has all requisite limited liability company power and authority to enter into this Agreement and the Ancillary Agreements to which it is a party and to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and the Ancillary Agreements to which it is a party and the performance of Buyer's obligations hereunder and thereunder have been duly authorized by all necessary limited liability company action by the board of directors (or equivalent) of Buyer, and no other limited liability company action on the part of Buyer is necessary to authorize such execution, delivery and performance. This Agreement and each of the Ancillary Agreements to which Buyer is a party have been or will be duly executed by Buyer and constitute, or will when executed constitute, its valid and binding obligation, enforceable against it in accordance with their terms.

(d) No Conflict or Violation. The execution, delivery and performance by Buyer of this Agreement and the Ancillary Agreements to which it is a party do not and will not violate or conflict with any provision of the certificate of formation or by-laws

(or equivalent documents) of Buyer and do not and will not violate any provision of Law, or any Order applicable to Buyer, nor will they result in a breach of or constitute (with due notice or lapse of time or both) a default under any Contract to which Buyer is a party or by which it is bound or to which any of its properties or assets is subject.

(e) Availability of Funds. Buyer has, or reasonably expects to have when due under this Agreement, sufficient funds to pay the Deposit, the Purchase Price, the payments required under Section 1.6 and all fees and expenses to be paid by Buyer in connection with the transactions contemplated under this Agreement.

(f) Consents and Approvals. The execution, delivery and performance of this Agreement and the Ancillary Agreements to which Buyer is a party do not and will not require the consent or approval of, or filing with, any Government or any other Person except (i) as may be required to be obtained by Buyer after the Closing in order to own or operate any of the Acquired Assets; (ii) for entry of the Sale Order by the Bankruptcy Court; or (iii) for such consents, approvals and filings, of which the failure to obtain or make would not, individually or in the aggregate, have a material adverse effect on the ability of Buyer to consummate the transactions contemplated hereby.

(g) Investigation by Buyer. Buyer has conducted its own independent review and analysis of the Acquired Assets and the Assumed Liabilities and the Business, operations, technology, assets, liabilities, financial condition and prospects of the Business as carried on by Sellers and acknowledges that Sellers have provided Buyer with reasonable access to the personnel, properties, premises and records of the Business for this purpose. Buyer has conducted its own independent review of all Orders of, and all motions, pleadings, and other submissions to, the Bankruptcy Court in connection with Bankruptcy Case. In entering into this Agreement, Buyer has relied solely upon its own investigation and analysis, and Buyer (i) acknowledges that neither Sellers nor any of their Affiliates or Related Persons makes or has made any representation or warranty, either express or implied, as to the accuracy or completeness of any of the information provided or made available to Buyer or its Affiliates or Related Persons, except for the representations and warranties contained in Section 4.1 (which are subject to the limitations and restrictions contained in this Agreement); and (ii) agrees, to the fullest extent permitted by Law, that none of the Sellers, their Affiliates or any of their respective Related Persons shall have any liability or responsibility whatsoever to Buyer or its Affiliates or Related Persons on any basis (including, without limitation, in contract or tort, under federal or state securities Laws or otherwise) based upon any information provided or made available, or statements made, to Buyer or its Affiliates or Related Persons (or any omissions therefrom), except, for fraud or intentional misconduct and with regard to Sellers, for the representations and warranties contained in Section 4.1 and, with respect to such representations and warranties, subject to the limitations and restrictions contained in this Agreement.

Section 4.3 Warranties Exclusive. The parties acknowledge that the representations and warranties contained in Article 4 are the only representations or warranties given by the parties and that all other express or implied warranties are disclaimed. Without limiting the foregoing Buyer acknowledges that the Acquired

Assets are conveyed "AS IS", "WHERE IS" and "WITH ALL FAULTS" and that all warranties of merchantability or fitness for a particular purpose are disclaimed. WITHOUT LIMITING THE FOREGOING THE BUYER ACKNOWLEDGES THAT SELLERS AND SELLERS' AFFILIATES AND THEIR RESPECTIVE RELATED PERSONS HAVE MADE NO REPRESENTATION OR WARRANTY CONCERNING (I) ANY USE TO WHICH THE ACQUIRED ASSETS MAY BE PUT, (II) ANY FUTURE REVENUES, COSTS, EXPENDITURES, CASH FLOW, RESULTS OF OPERATIONS, FINANCIAL CONDITION OR PROSPECTS THAT MAY RESULT FROM THE OWNERSHIP, USE OR SALE OF THE ACQUIRED ASSETS OR THE ASSUMPTION OF THE ASSUMED LIABILITIES, (III) ANY OTHER INFORMATION OR DOCUMENTS MADE AVAILABLE TO BUYER OR ITS AFFILIATES OR RELATED PERSONS OR (IV) EXCEPT AS EXPRESSLY SET FORTH IN SECTION 4.1, THE CONDITION OF THE ACQUIRED ASSETS INCLUDING, WITHOUT LIMITATION, COMPLIANCE WITH ANY ENVIRONMENTAL LAWS OR OTHER LAWS. BUYER FURTHER ACKNOWLEDGES THAT SELLERS AND SELLERS' AFFILIATES AND RELATED PERSONS HAVE MADE NO REPRESENTATIONS OR WARRANTIES IN ANY ANCILLARY AGREEMENT.

Section 4.4 Survival of Representations and Warranties. None of the representations or warranties of Sellers set forth in this Agreement or in any certificate delivered pursuant to this Agreement shall survive the Closing; provided, however, that the representations and warranties set forth in Section 4.1(q) respecting Seller Subsidiaries shall survive until the expiration of the period of limitations for any such Taxes; provided, further, however, for the sake of clarity that such representations and warranties in Section 4.1(q) remain applicable with respect to the period prior to the Closing Date.

ARTICLE 5. COVENANTS AND OTHER AGREEMENTS.

Section 5.1 Covenants of Sellers. Sellers covenant as follows:

(a) Commercially Reasonable Efforts. Between the Effective Date and the Closing Date, Sellers shall use commercially reasonable efforts to (except as shall be disclosed to Buyer) (i) obtain all necessary consents, waivers, authorizations and approvals of all Governments, and of all other Persons, required to be obtained by Sellers in connection with the execution, delivery and performance by them of this Agreement, (ii) take, or cause to be taken, all action, and to do, or cause to be done, all things necessary or proper, consistent with applicable Law, to consummate and make effective in an expeditious manner the transactions contemplated hereby, (iii) maintain and operate the Acquired Assets substantially in accordance with Sellers' current practices and procedures, and (iv) maintain all risk casualty insurance on the Acquired Assets as maintained as of the Effective Date. Notwithstanding anything herein or in any Ancillary Agreement to the contrary, after the Approval Order has been entered by the Bankruptcy Court, Sellers may furnish information concerning the Business or the Acquired Assets and the Assumed Liabilities to any Person in connection with a potential Alternative Transaction and negotiate, enter into and consummate an Alternative Transaction.

(b) Access to Properties and Records; Confidentiality. Sellers shall afford to Buyer, and to the accountants, counsel and representatives of Buyer, reasonable access during normal business hours throughout the period prior to the Closing Date (or the earlier termination of this Agreement pursuant to Article 8) to all books and records of Sellers relating to the Acquired Assets and the Assumed Liabilities. Upon reasonable prior notice, Sellers shall also afford Buyer reasonable access, taking into account Sellers' resources and other commitments, during normal business hours, to all Acquired Assets, and to Sellers' executive officers, accountants, counsel, employees and other representatives, throughout the period prior to the Closing Date.

(c) Operation of the Business. Except as otherwise contemplated or permitted by this Agreement or with the prior consent of Buyer (such consent not to be unreasonably withheld or delayed), between the Effective Date and the Closing Date, Sellers (i) shall operate the Business in all material respects in the ordinary course consistent with current practices (after taking into account Sellers' status as a debtor-in-possession), and (ii) shall not enter into, amend or terminate any Contract included in the Acquired Assets other than the Existing Membership Agreements.

(d) Cure of Defaults. Subject to the payment of the Purchase Price, Sellers shall, at Closing, cure any and all defaults or provide assurance reasonably acceptable to Buyer that such defaults will be cured promptly under the Executory Contracts and Unexpired Leases (other than the Excluded Contracts and Leases), which defaults are required to be cured under the Bankruptcy Code, so that such Executory Contracts and Unexpired Leases may be assumed by Sellers and assigned to Buyer in accordance with the provisions of section 365 of the Bankruptcy Code.

(e) Further Assurances. At the request of Buyer, at any time after the Closing Date, Sellers shall execute and deliver such documents as Buyer or its counsel may reasonably request to effectuate the purposes of this Agreement.

(f) Covenant Not to Sue. On or after January 31, 2007, the Sellers, their estates (collectively, the "Estates") and any and all Estate Representatives (as defined below) shall be barred from bringing any suit, action or claim against any Protected Employee (as defined below) related to the Business, the Sellers or any of their Affiliates (collectively, the "Seller Parties") or such Protected Employee's employment by any of the Seller Parties (the "Covenant"), including, without limitation, any suit, action or claim related to (a) any pre-petition transactions or business practices of the Seller Parties or (b) the financial affairs of the Seller Parties (collectively, the "Estate Claims"). "Estate Representatives" shall mean the Sellers as debtors-in-possession, the Official Committee of Unsecured Creditors appointed in the Bankruptcy Case (the "Committee"), any Chapter 11 trustee or Chapter 7 trustee or any examiner with expanded powers, any representative of any of the Estates under any applicable plan of reorganization under Chapter 11 of the Bankruptcy Code or proceeding under Chapter 7 of the Bankruptcy Code or otherwise regarding any of the Estates, any successor in interest to any of the Estates or any other party similarly charged with acting for or on behalf of the Sellers as debtors in possession or any of the Estates. A

"Protected Employee" shall be any Continuing Employee who is not designated in good faith by an Estate Representative as a likely target of an Estate Claim (a "Target") by January 31, 2007 (the "Notice Date"); provided, that no Continuing Employee will remain a Protected Employee if (a) it is determined in a final judgment by a court of competent jurisdiction that such Continuing Employee committed actual fraud, (b) such Continuing Employee is fired by the Buyer for cause following the Closing Date, (c) in connection with the investigation of the Estate Claims by the Estate Representatives prior to the Notice Date, such Continuing Employee is found by a final order of the Bankruptcy Court upon the motion of an Estate Representative to have been untruthful or misleading in any material respect or failed to use reasonable efforts to cooperate with the Estate Representative or (d) such Continuing Employee invokes rights against self-incrimination under the United States Constitution, any State Constitution or any similar law regarding self-incrimination. Any Continuing Employee who is designated in good faith as a Target as of the Notice Date shall not have the benefit of the Covenant contained herein. On or before the Closing Date, the Estate Representatives shall discuss and disclose among themselves and with Buyer the preliminary findings of their investigation to date (the "Preliminary Report") including, without limitation, possible Targets of an Estate Claim and the conclusions if any reached with respect to "Interim Investigation of Reported Compensation and Other Cash Payments Made to Insiders" file prepared by XRoads Solutions Group, LLC, dated September 25, 2006 ("XRoads Report"). The Committee agrees that it will work in good faith to complete its review and reach its conclusions on the transactions covered by the XRoads Report earlier than January 31, 2007 to the extent practicable. In the event that the Buyer determines in good faith based on the Preliminary Report that the scope of the investigation by the Estate Representative, the number of Targets designated by the Estate Representative prior to the Notice Date or the specific Targets subject to investigation would reasonably be expected to have a materially adverse effect on the Buyer's ability to operate the Business, when taken as a whole, going forward, the Buyer shall be entitled to terminate this Agreement upon notice to the Sellers and the Committee and shall be entitled to a return of the Deposit. Notwithstanding the foregoing, (i) the Sellers and their professionals shall disclose to and discuss with the Committee the books, records, and investigative data collected by them to date for purposes of the Committee determining whether it believes any Continuing Employee to be a Target, (ii) any and all Estate Representatives shall complete all investigations of Estate Claims against Continuing Employees by January 31, 2007 and, unless an Estate Claim has been filed against such Continuing Employee by that date, such Continuing Employee shall thereafter have the benefit of this Covenant except where the Continuing Employee subsequently is determined to no longer be a Protected Employee as provided above, (iii) the Bankruptcy Court shall retain jurisdiction as a Court of competent jurisdiction over the Buyer and the Estate Representative as to whether a Continuing Employee remains a Protected Employee, (iv) other matters among the Estate Representatives regarding the scope and timing of the investigation of former employees of the Sellers are not subject to this paragraph and shall be subject to the agreement among the Estate Representatives or an order of the Bankruptcy Court, and (v) nothing contained herein shall prevent a Protected Employee from being subject to any lawful subpoena after January 31, 2007 to act as a witness to provide fact information regarding on-going

investigations of the Estate Representatives. The Buyer, Sellers and the Committee will enter into mutually agreeable confidentiality agreements to protect the information exchanged in connection with the investigation hereunder. The Committee, the Buyer and the Sellers shall have the right to agree to modifications of this Section 5.1(f) after the date of this Agreement without any further approval of the Bankruptcy Court..

Section 5.2 Covenants of Buyer. Buyer covenants as follows:

(a) Commercially Reasonable Efforts. Buyer shall use all commercially reasonable efforts to (i) obtain all consents and approvals of all Governments, and all other Persons, required to be obtained by Buyer to effect the transactions contemplated by this Agreement, and (ii) take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary or proper, consistent with applicable Law, to consummate and make effective in an expeditious manner the transactions contemplated hereby.

(b) Adequate Assurances Regarding Executory Contracts and Unexpired Leases and Required Orders. With respect to each Executory Contract and Unexpired Lease, Buyer shall provide adequate assurance of the future performance of such Executory Contract or Unexpired Lease by Buyer. Buyer agrees that it will promptly take all actions as are reasonably requested by Sellers to assist in obtaining the Bankruptcy Court's entry of the Sale Order, including, without limitation, furnishing affidavits, financial information or other documents or information for filing with the Bankruptcy Court and making Buyer's employees and representatives available to testify before the Bankruptcy Court.

(c) Performance under Executory Contracts and Unexpired Leases. Buyer shall (i) from and after the Closing Date assume all obligations and liabilities of Sellers under the Executory Contracts and Unexpired Leases (other than Excluded Contracts and Leases) that accrue from and after the Closing Date, (ii) from and after the Closing Date take all actions necessary to satisfy its obligations and liabilities under the terms and conditions of each of the Executory Contracts and Unexpired Leases (other than Excluded Contracts and Leases), and (iii) indemnify, defend and hold harmless the Sellers, the Sellers' Affiliates, and all of their respective Related Persons from and against any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, attorneys' fees and disbursements) arising out of a breach of this Section 5.2(c) or any of Buyer's other covenants contained in this Agreement or any Ancillary Agreement.

(d) Employee Records Retention. Buyer shall retain all Employee Records as required by Law. In addition, prior to the sixth anniversary of the Closing Date, Buyer shall not dispose of any Employee Records unless Buyer has given three months prior written notice to the PBGC, specifying in reasonable detail the Employee Records to be disposed of and offering to make those records available to the PBGC. If the PBGC notifies Buyer that it desires to receive all or any portion of the Employee Records to be disposed of, Buyer shall use commercially reasonable efforts to provide such Employee Records to the PBGC in a form reasonably satisfactory to the PBGC.

(e) Indemnification for Use of Real Property. Buyer shall indemnify, defend and hold harmless Sellers and Sellers' Affiliates and Related Persons from and against any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, attorneys' fees and disbursements) suffered or incurred by such Persons in connection with (i) Buyer's or Buyer's agents' or representatives' entry upon the Real Property or the Improvements in connection with their exercise of the right of access pursuant to Section 5.1(b), and (ii) any and all other activities undertaken by Buyer or Buyer's agents or representatives prior to the Closing Date with respect to any such Real Property or Improvements.

Section 5.3 [Intentionally Omitted]

Section 5.4 Bankruptcy Matters. As provided in Section 5.6, Sellers shall file with the Bankruptcy Court one or more motions or amendments to motions (each in form and substance acceptable to Buyer) which, collectively, seek the approval of the Deposit and use thereof as provided herein and the entry of the Sale Order. Sellers and Buyer shall use commercially reasonable efforts to cooperate, assist and consult with each other to secure the entry of the Sale Order following the date hereof on the timeframe set forth below, and to consummate the transactions contemplated by this Agreement, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for the purposes, among others, of providing necessary assurances of performance by Buyer under this Agreement. In the event that any Orders of the Bankruptcy Court relating to this Agreement shall be appealed by any Person (or a petition for certiorari or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing or reargument shall be filed with respect to any such Order), Sellers and Buyer will cooperate in taking such steps to diligently defend against such appeal, petition or motion and Sellers and Buyer shall use their reasonable best efforts to obtain an expedited resolution of any such appeal, petition or motion.

Section 5.5 Rejection of Contracts. On or before December 19, 2006, Buyer may notify Sellers in writing of any Contracts that Buyer wishes to be Excluded Contracts and Leases and Sellers shall reject all such Excluded Contracts and Leases. Except for such Excluded Contracts and Leases, from and after the date of this Agreement, Sellers agree to not reject any other Contracts without Buyer's prior written consent.

Section 5.6 Procedures. As soon as practicable following execution of this Agreement (and in any event on or before November 22, 2006), Sellers shall file a motion, in form and substance acceptable to Buyer (the "Approval Motion") with the Bankruptcy Court requesting the entry of an order (the "Approval Order") and seek an initial hearing on such motion to occur not later than November 31, 2006 to consider any interim relief and the use of a portion of the Deposit for the Patriot Payoff and a final hearing on the Approval Motion and entry of the Sale Order to occur not later than December 31, 2006. Sellers and Buyer shall use commercially reasonable efforts to cooperate, assist and consult with each other to secure the entry of the Approval Order following the date hereof on the schedule provided herein. The Approval Order (and all

amendments and modifications thereto) shall be in form and substance satisfactory to Sellers and Buyer, all acting reasonably, and, subject to the approval of the Bankruptcy Court, provide for, among other things:

- (a) ratification of the sale process conducted by the Sellers;
- (b) the Buyer as the purchaser under the terms of this Asset Purchase Agreement;
- (c) a Break-Up Fee and Expense Reimbursement on the terms and conditions set forth in Section 8.1 and Section 8.2 hereof;
- (d) (i) approving (A) the Consent Documents, and (B) the form of the Buyer's communication of the same to the Offerees and (ii) finding that the communication of the same is not a violation of the Bankruptcy Code.

Section 5.7 Covenants of Buyer and Sellers. Buyer and Sellers agree that:

(a) Buyer shall assume all obligations and liabilities for provision of notice or payment in lieu of notice or any applicable penalties under the Worker Adjustment and Retraining Notification Act (the "WARN Act") or any similar state or local law arising as a result of the transactions contemplated by this Agreement. Buyer hereby indemnifies Sellers and its Affiliates and their respective Related Parties against and agrees to hold each of them harmless from any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, attorneys' fees and disbursements) suffered or incurred by any Seller or any of its Affiliates or any of their respective Related Parties with respect to the WARN Act or any similar state or local Law arising as a result of the transactions contemplated by this Agreement.

(b) Sellers shall not, at any time between the date hereof and the Closing Date, effectuate a "plant closing" or "mass layoff" as those terms are defined in the WARN Act affecting the employees of Sellers without complying in full with WARN Act.

(c) Buyer shall not, at any time prior to ninety (90) days after the Closing Date, effectuate a "plant closing" or "mass layoff" as those terms are defined in the WARN Act affecting its employees without complying full with WARN Act.

Section 5.8 Member and Other Consents.

As soon as practicable following entry of the Approval Order (and in any event within three (3) Business Days thereafter), Buyer will mail or cause to be mailed to each Offeree of a copy of the Consent Documents substantially in the form approved in the Approval Order with such changes as are agreed to by the Buyer, the Sellers and the Committee. The Sellers and the Agent shall use their commercially reasonable

efforts to assist Buyer in obtaining the consent of each Offeree to the New Membership Agreements.

ARTICLE 6. TAXES.

Section 6.1 Taxes Related to Purchase of Assets. All federal, state and local sales and/or use, transfer, documentary, registration, gains, excise, value-added or other similar Taxes, including, without limitation, all applicable real estate transfer Taxes and real property transfer gains Taxes and including all recording and filing fees) and related amounts (including any penalties, interest and additions to Tax) incurred in connection with this Agreement, the related documents and the transactions contemplated hereby and thereby (collectively, "Transaction Taxes"), that may be imposed by reason of the sale, transfer, assignment and delivery of the Acquired Assets, and are not exempt under section 1146(c) of the Bankruptcy Code, shall be paid by Sellers. Buyer and Sellers agree to cooperate to determine the amount of Transaction Taxes payable in connection with the transactions contemplated under this Agreement. Sellers agree to assist Buyer reasonably in the preparation and filing of any and all required returns for or with respect to such Transaction Taxes with any and all appropriate taxing authorities. For the sake of clarity, any Taxes in respect of income, gains, or any similar remuneration realized by Sellers from the transactions contemplated by this Agreement, and related documents, are solely the obligation of Sellers.

Section 6.2 Proration of Taxes. The items listed on Schedule 6.2 relating to real and personal property taxes and assessments relating to the Acquired Assets and other like ad valorem taxes for any taxable period commencing prior to the day immediately preceding the Closing Date (the "Adjustment Date") and ending after the Adjustment Date ("Straddle Period Taxes") shall be prorated between Buyer and Sellers as of the close of business on the Adjustment Date. All such Straddle Period Taxes shall be allocated so that items relating to time periods ending prior to the Adjustment Date shall be allocated to Sellers based upon the number of days in the period prior to the Closing Date and items related to time periods beginning on or after the Adjustment Date shall be allocated to Buyer based upon the number of days in the period from and after the Closing Date. The amount of all such Straddle Period Taxes shall be settled and paid on the Closing Date; provided, however, that final payments with respect to Straddle Period Taxes that are not able to be calculated on the Closing Date shall be calculated and paid as soon as practicable thereafter.

Section 6.3 Cooperation on Tax Matters.

(a) Buyer and Sellers agree to furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance relating to the Acquired Assets and the Assumed Liabilities as is reasonably necessary for the preparation and filing of any Tax Return, claim for refund or other required or optional filings relating to Tax matters, for the preparation for and proof of facts during any Tax audit, for the preparation for any Tax protest, for the prosecution or defense of any suit

or other proceeding relating to Tax matters and for the answer to any governmental or regulatory inquiry relating to Tax matters.

(b) Buyer agrees to retain possession, at its own expense, of all accounting, business, financial and Tax records and information (i) relating to the Acquired Assets or the Assumed Liabilities that are in existence on the Closing Date and transferred to Buyer hereunder and (ii) coming into existence after the Closing Date that relate to the Acquired Assets or the Assumed Liabilities before the Closing Date, for a period of at least six years from the Closing Date, and will give Sellers or their attorneys notice and an opportunity to retain any such records in the event that Buyer determines to destroy or dispose of them after such period. In addition, from and after the Closing Date, Buyer agrees that it will provide access to Sellers and its attorneys, accountants and other representatives (after reasonable notice and during normal business hours and without charge) to the books, records, documents and other information relating to the Acquired Assets or the Assumed Liabilities as Sellers may reasonably deem necessary to (x) properly prepare for, file, prove, answer, prosecute and/or defend any such Tax Return, claim, filing, tax audit, tax protest, suit, proceeding or answer or (y) administer or complete any cases under chapter 11 of the Bankruptcy Code of the Sellers or their Affiliates. Such access shall include, without limitation, access to any computerized information retrieval systems relating to the Acquired Assets or the Assumed Liabilities.

Section 6.4 Allocation of Purchase Price and Purchase Price Allocation Forms. Buyer and Sellers agree to allocate the Purchase Price and the Assumed Liabilities among the Acquired Assets in accordance with Schedule 6.4 hereto (the "Allocation"). Sellers and Buyer will cooperate in filing with the Internal Revenue Service their respective Forms 8594 as provided for in Section 1060 of the Tax Code on a basis consistent with the Allocation, and the Allocation shall be reflected on any Tax Returns required to be filed as a result of the transactions contemplated hereby.

ARTICLE 7. CONDITIONS PRECEDENT TO PERFORMANCE BY PARTIES.

Section 7.1 Conditions Precedent to Performance by Sellers. The obligation of Sellers to consummate the transactions contemplated by this Agreement is subject to the fulfillment, at or before the Closing Date, of the following conditions, any one or more of which (other than the condition contained in Section 7.1(c)) may be waived by Sellers in their sole discretion:

(a) Representations and Warranties of Buyer. All representations and warranties made by Buyer in Section 4.2 shall be accurate in all material respects on and as of the Closing Date as if again made by Buyer on and as of such date, except for inaccuracies that do not result in a material adverse effect on Buyer's ability to perform its obligations hereunder, and Sellers shall have received a certificate, dated the Closing Date and signed by the President of Buyer, to that effect.

(b) Performance of the Obligations of Buyer. Buyer shall have performed in all material respects all obligations required under this Agreement to be

performed by it on or before the Closing Date (except with respect to the obligation to pay the Deposit and the Purchase Price in accordance with the terms of this Agreement, which obligations shall be performed in all respects as required under this Agreement).

(c) Consents and Approvals. The Bankruptcy Court shall have entered the Sale Order, and no Order staying, reversing, modifying or amending the Sale Order shall be in effect on the Closing Date.

(d) No Violation of Orders. No preliminary or permanent injunction or other Order that declares this Agreement invalid or unenforceable or which prevents the consummation of the transactions contemplated hereby shall be in effect.

Section 7.2 Conditions Precedent to the Performance by Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the fulfillment, at or before the Closing Date, of the following conditions, any one or more of which may be waived by Buyer in its sole discretion:

(a) Representations and Warranties of Sellers. All representations and warranties made by Sellers in Section 4.1 shall be accurate in all material respects on and as of the Closing Date as if again made by the Sellers on and as of such date, and Buyer shall have received a certificate, dated the Closing Date and signed by the Vice President of Sellers, to that effect.

(b) Performance of the Obligations of Sellers. Sellers shall have performed all obligations required under this Agreement to be performed by them on or before the Closing Date in all material respects, and Buyer shall have received a certificate, dated the Closing Date and signed by the Vice President of Sellers, to that effect.

(c) Consents and Approvals.

(i) The Bankruptcy Court shall have entered the Approval Order no later than November 31, 2006, and no Order staying, reversing, modifying or amending the Approval Order shall be in effect on the Closing Date.

(ii) On or before December 31, 2006, the Bankruptcy Court shall have entered the Sale Order, in form and substance satisfactory to Buyer, and no Order staying, reversing, modifying or amending the Sale Order shall be in effect on the Closing Date.

(iii) All material consents and approvals listed on Schedule 4.1(d) shall have been obtained.

(d) No Violation of Orders. No preliminary or permanent injunction or other Order that declares this Agreement invalid or prevents the consummation of the transactions contemplated hereby shall be in effect.

(e) [Intentionally Omitted]

(f) [Intentionally Omitted]

(g) Consent Documents. Buyer shall have received duly executed and delivered Consent Documents, in form and substance satisfactory to Buyer from at least 400 Existing Members, and such Consent Documents shall be in full force and effect.

(h) Deliveries. At Closing, Seller shall have delivered the documents and instruments required by this Agreement and the Ancillary Agreements.

ARTICLE 8. TERMINATION.

Section 8.1 Conditions of Termination. This Agreement may be terminated at any time before the Closing:

(a) By mutual written consent of Sellers and Buyer;

(b) By Sellers, by notice to Buyer, on or after February 1, 2007 (the "Warranty Termination Date"), if the condition contained in Section 7.1(a) has not been satisfied or waived; provided, however, that Sellers shall not have the right to terminate this Agreement under this Section 8.1(b) if Sellers are then in material breach of this Agreement;

(c) By Sellers, by notice to Buyer, if Sellers have previously provided Buyer with written notice of Buyer's failure to perform any material covenant of Buyer contained in this Agreement or any Ancillary Agreement and Buyer has failed within ten (10) days after such notice to perform such covenant or provide adequate assurance to Sellers of Buyer's ability to perform such covenant; provided, however, that Sellers shall not have the right to terminate this Agreement under this Section 8.1(c) if Sellers are then in material breach of this Agreement;

(d) By Sellers, by notice to Buyer, on or after December 31, 2006 (the "Approval Termination Date"), if any condition contained in Section 7.1(c) has not been satisfied or waived;

(e) By Buyer, by notice to Sellers, on or after the Warranty Termination Date, if the condition contained in Section 7.2(a) has not been satisfied or waived; provided, however, that Buyer shall not have the right to terminate this Agreement under this Section 8.1(e) if Buyer is then in material breach of this Agreement;

(f) By Buyer, by notice to Sellers, if Buyer has previously provided Sellers with written notice of a failure to perform any material covenant of Sellers contained in this Agreement or any Ancillary Agreement and Sellers have failed within ten (10) days after such notice to perform such covenant or provide adequate assurance to Buyer of Sellers' ability to perform such covenant; provided, however, that Buyer shall not have the right to terminate this Agreement under this Section 8.1(f) if Buyer is then in material breach of this Agreement;

(g) By Buyer, by notice to Sellers, on or after the Approval Termination Date, if any condition contained in Section 7.2(c) has not been satisfied or waived; and

(h) Automatically, upon the Sellers' Board of Directors having approved proceeding with an Alternative Transaction.

Section 8.2 Effect of Termination; Remedies.

(a) In the event of termination pursuant to Section 8.1, this Agreement shall become null and void and have no effect (other than Articles 8 and 9, which shall survive termination), with no liability on the part of Sellers or Buyer, or their respective Affiliates or Related Persons, with respect to this Agreement or any Ancillary Agreements, except for (i) the liability of a party for its own expenses pursuant to Section 9.3; and (ii) any liability provided for in Section 8.2(b) through Section 8.2(e), inclusive.

(b) If this Agreement is terminated pursuant to Section 8.1(a), Section 8.1(d), or Section 8.1(g), then the Deposit shall be returned to Buyer, as its sole right of recourse for such termination.

(c) If this Agreement is terminated because Buyer is unable to secure sufficient funds to pay the Purchase Price, the payments required under Section 1.6 and all fees and expenses to be paid by Buyer in connection with the transactions contemplated under this Agreement, then the Sellers shall retain and be paid 50% of the Deposit as its sole right of recourse for such termination.

(d) If this Agreement is terminated pursuant to Section 8.1(b) or Section 8.1(c), Sellers shall retain and be paid 50% of the Deposit as their sole right of recourse for such termination and such portion of the Deposit shall be fully earned.

(e) If this Agreement is terminated pursuant to Section 8.1(e) or Section 8.1(f), then Buyer shall be entitled to reimbursement of Buyer's reasonable, unpaid out-of-pocket costs and expenses, including reasonable attorneys' fees incurred by Buyer in connection with the negotiation, execution or consummation of this Agreement and the transactions contemplated hereby (including, without limitation, the performance of due diligence), which shall not exceed \$600,000 in the aggregate (the "Expense Reimbursement") and return of the Deposit, as its sole right of recourse for such termination.

(f) If this Agreement is terminated pursuant to Section 8.1(h), then Buyer shall be entitled, as its sole and exclusive remedy, to (i) upon the closing of an Alternative Transaction, a break-up fee, in cash equal to \$2,000,000 (the "Break-Up Fee") and such fee shall be considered an administrative expense, (ii) upon the closing of an Alternative Transaction, the Expense Reimbursement, and (iii) upon termination of this Agreement pursuant to Section 8.1(h), return of the Deposit; provided, that such Deposit shall be repaid to Buyer from the deposit made in connection with the Alternative Transaction.

ARTICLE 9. MISCELLANEOUS.

Section 9.1 Successors and Assigns. Except as otherwise provided in this Agreement, no party hereto shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party hereto, and any such attempted assignment without such prior written consent shall be void and of no force and effect; provided that Buyer may assign its rights and obligations to one or more of its designees and may assign its rights to its lender as collateral. This Agreement shall inure to the benefit of and shall be binding upon the successors and permitted assigns of the parties hereto.

Section 9.2 Governing Law; Jurisdiction. This Agreement shall be construed, performed and enforced in accordance with, and governed by, the Laws of the State of Connecticut (without giving effect to the principles of conflicts of Laws thereof), except to the extent that the Laws of such State are superseded by the Bankruptcy Code. For so long as Sellers are subject to the jurisdiction of the Bankruptcy Court, the parties hereto irrevocably elect as the sole judicial forum for the adjudication of any matters arising under or in connection with the Agreement, and consent to the exclusive jurisdiction of, the Bankruptcy Court. After Sellers are no longer subject to the jurisdiction of the Bankruptcy Court, the parties hereto irrevocably elect as the sole judicial forum for the adjudication of any matters arising under or in connection with this Agreement, and consent to the jurisdiction of, any state or federal court having competent jurisdiction over Connecticut.

Section 9.3 Expenses. Except as otherwise provided herein, each of the parties hereto shall pay its own expenses in connection with this Agreement and the transactions contemplated hereby, including, without limitation, any legal and accounting fees, whether or not the transactions contemplated hereby are consummated. Buyer shall pay the cost of all surveys, title insurance policies and title reports ordered by Buyer.

Section 9.4 Broker's and Finder's Fees. Other than with respect to the professionals retained by the Sellers pursuant to orders of the Bankruptcy Court, each of the parties represents and warrants that it has dealt with no broker or finder in connection with any of the transactions contemplated by this Agreement and, insofar as such party knows, no other broker or other Person is entitled to any commission or finder's fee in connection with any of these transactions.

Section 9.5 Severability. In the event that any part of this Agreement is declared by any court or other judicial or administrative body to be null, void or unenforceable, said provision shall survive to the extent it is not so declared, and all of the other provisions of this Agreement shall remain in full force and effect only if, after excluding the portion deemed to be unenforceable, the remaining terms shall provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth at the later of the date this Agreement was executed or last amended.

Section 9.6 Notices. (a) All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given: (i) on the date of service, if served personally on the party to whom notice is to be given; (ii) on the day of transmission, if sent via facsimile transmission to the facsimile number given below, and telephonic confirmation of receipt is obtained promptly after completion of transmission; (iii) on the day after delivery to Federal Express or similar overnight courier or the Express Mail service maintained by the United States Postal Service; or (iv) on the fifth day after mailing, if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid and properly addressed, to the party as follows:

If to Sellers:

Tanner & Haley Resorts
285 Riverside Avenue
Westport, Connecticut 06880
Attn: Holly Felder Etlin
Jason I. Bitsky, Esq.
Fax: 203-227-9453
Phone: 203-291-5500

with a copy to:

Dechert LLP
30 Rockefeller Plaza
New York, New York 10112
Attn: Joel H. Levitin, Esq.
Fax: 212-698-3599
Phone: 212-698-3500

If to Buyer:

Ultimate Resort, LLC
3501 West Vine Street
Suite 225
Kissimmee, Florida 34741
Attn: Jim Tousignant
Fax: 407-483-1935
Phone: 407-483-1900

with a copy to:

Greenberg Traurig, LLP
77 West Wacker Drive

Chicago, IL 60601
Attn: Nancy A. Mitchell
Jeffrey M. Wolf
Fax: 312-456-8435
Phone: 312-456-5107

(a) Any party may change its address for the purpose of this Section 9.6 by giving the other party written notice of its new address in the manner set forth above.

Section 9.7 Amendments; Waivers. This Agreement may be amended or modified, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by the parties hereto, or in the case of a waiver, by the party waiving compliance. Any waiver by any party of any condition, or of the breach of any provision, term, covenant, representation or warranty contained in this Agreement, in any one or more instances, shall not be deemed to be or construed as a furthering or continuing waiver of any such condition, or of the breach of any other provision, term, covenant, representation or warranty of this Agreement.

Section 9.8 Public Announcements. Promptly after the execution and delivery of this Agreement, the parties shall make a joint press release in form and substance reasonably satisfactory to both of them regarding the transaction contemplated herein. Thereafter, no party shall make any press release or public announcement concerning the transactions contemplated by this Agreement without the prior written approval of the other parties, unless a press release or public announcement is required by Law or Order of the Bankruptcy Court. If any such announcement or other disclosure is required by Law or Order of the Bankruptcy Court, the disclosing party agrees to give the nondisclosing party or parties prior notice of, and an opportunity to comment on, the proposed disclosure. The parties acknowledge that Sellers shall file this Agreement with the Bankruptcy Court in connection with obtaining the Sale Order.

Section 9.9 Entire Agreement. This Agreement and, the Ancillary Agreements contain the entire understanding between the parties hereto with respect to the transactions contemplated hereby and supersede and replace all prior and contemporaneous agreements and understandings, oral or written, with regard to such transactions. All schedules hereto and any documents and instruments delivered pursuant to any provision hereof are expressly made a part of this Agreement as fully as though completely set forth herein.

Section 9.10 Parties in Interest. Nothing in this Agreement (including Sections 3.4 and 5.2(e)) is intended to or shall confer any rights or remedies under or by reason of this Agreement on any Persons other than Sellers and Buyer and their respective successors and permitted assigns. Nothing in this Agreement is intended to or shall relieve or discharge the obligations or liability of any third Persons to Sellers or

Buyer. This Agreement is not intended to nor shall give any third Persons any right of subrogation or action over or against Sellers or Buyer.

Section 9.11 Bulk Sales Laws. Buyer hereby waives compliance by Sellers and Sellers hereby waive compliance by Buyer, with the provisions of the “bulk sales”, “bulk transfer” or similar laws of any state other than any Laws which would exempt any of the transactions contemplated by this Agreement from any Tax liability which would be imposed but for such compliance. Buyer shall exercise best efforts to comply with any such laws to avoid any potential Tax or similar charge, it being understood that completion and approval by any authority shall not delay Closing past December 29, 2006; provided, however, that any increase in Transaction Taxes arising as a result of Buyer's waiver shall be borne by Sellers.

Section 9.12 Headings. The article and section headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Section 9.13 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute the same instrument.

ALTERNATIVE TRANSACTIONS

Section 10.1 Alternative Transactions

(a) (i) From and after the execution of this Agreement, except as otherwise specifically permitted by the terms hereof, none of the Sellers shall, and the Sellers shall cause their respective officers, directors, employees, agents, representatives or affiliates (including any investment banker or financial advisor retained by the Sellers or any of the foregoing) not to, directly or indirectly, solicit or initiate any inquiry or proposal from, or solicit or initiate any discussions or negotiations with any Person (other than the Buyer or an affiliate, associate, representative or agent of the Buyer) concerning any potential sale of the Business or the Properties or transaction which is similar to or in conflict with or in substitution of the sale of the Business or the Properties to the Buyer pursuant to the terms hereof (each, an “Alternative Transaction”).

(ii) Notwithstanding the foregoing, nothing contained in this Section 10 shall prohibit the Sellers from furnishing information to, or entering into discussions with, any person that makes an unsolicited offer for an Alternative Transaction; provided, however, that the Sellers agree to notify the Buyer promptly of (a) the interest from a third-party, (b) the nature of the interest expressed by such third-party, and (c) the terms and conditions of the proposal or indication of interest for an Alternative Transaction.

(b) If any person or entity makes an unsolicited bona fide Alternative Transaction inquiry or proposal:

(i) the Sellers may enter into discussions or negotiations with such person or entity concerning an Alternative Transaction so long as the Sellers are in compliance with Section 10.1(a) above;

(ii) the Sellers may enter into a confidentiality agreement with such person or entity, provided that such confidentiality agreement permits the Sellers to keep the Buyer informed of the status and terms of such discussions or negotiations; and

(iii) the Board of Directors of the Sellers may consider the Alternative Transaction and if the Board of Directors determines in good faith that approval of such Alternative Transaction is required for the Board of Directors to comply with its fiduciary duties or is required to comply with any orders of a Bankruptcy Court; the Board of Directors may approve such Alternative Transaction; provided, that (a) the Alternative Transaction provides for refinancing of the portion of the Deposit used to make the Patriot Payoff as provided in this Agreement and a deposit no less than the Deposit provided for herein and (b) upon approval by the Board of Directors of an Alternative Transaction, this Agreement shall automatically terminate without further action.

ARTICLE 11. DEFINITIONS.

Section 11.1 Certain Terms Defined. In addition to terms defined elsewhere in this Agreement, as used in this Agreement, the following terms have the following meanings:

“Acquired Assets” has the meaning set forth in Section 1.1.

“Adjustment Date” has the meaning set forth in Section 6.2.

“Affiliate” means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under direct or indirect common control with such other Person.

“Agreement” has the meaning set forth in the preamble.

“Allocation” has the meaning set forth in Section 6.4.

“Alternative Transaction” has the meaning set forth in Section 10.1.

“Ancillary Agreements” means any other documents, instruments and agreements delivered by the Sellers to the Buyer in connection herewith.

“Approval Motion” has the meaning set forth in Section 5.6.

“Approval Order” has the meaning set forth in Section 5.6.

“Approval Termination Date” has the meaning set forth in Section 8.1(d).

"Assumed Contracts" has the meaning set forth in Section 1.1(c).

"Assumed Liabilities" has the meaning set forth in Section 1.3.

"Bankruptcy Case" has the meaning set forth in the preamble.

"Bankruptcy Code" has the meaning set forth in the preamble.

"Bankruptcy Court" has the meaning set forth in the preamble.

"Break-Up Fee" has the meaning set forth in Section 8.2(f).

"Business" has the meaning set forth in the preamble.

"Business Day" means any day other than Saturday, Sunday and any day that is a legal holiday or a day on which banking institutions in the State of Connecticut are authorized by Law or other governmental action to close.

"Buyer" has the meaning set forth in the preamble.

"Claims" has the meaning set forth in Section 1.1(r).

"Closing" has the meaning set forth in Section 3.1.

"Closing Date" has the meaning set forth in Section 3.1.

"COBRA Obligations" has the meaning set forth in Section 3.4.

"Committee" has the meaning set forth in Section 5.1(f).

"Complete Retreats" has the meaning set forth in the preamble.

"Consent Documents" means the consents sent to each of the Existing Members which will reflect the membership terms applicable to the Buyer's membership offer and will otherwise be in form and substance satisfactory to the Buyer.

"Continuing Employees" means the employees of the Sellers who accept employment by the Buyer on the Closing Date on the same hourly, part or full time basis as they were employed by the Sellers on the Closing Date.

"Contracts" has the meaning set forth in Section 4.1(c).

"Covenant" has the meaning set forth in Section 5.1(f).

"Cure Costs" has the meaning set forth in Section 1.3(b).

"Debtor Stock" has the meaning set forth in Section 1.2(b).

"Deposit" has the meaning set forth in Section 2.2.

“Effective Date” has the meaning set forth in the preamble.

“Employee Records” means all employment and benefit records (in whatever form maintained) in the possession of Buyer or its agents and pertaining to any Person formerly employed by Sellers, or any spouse, dependent or other beneficiary of any such Person.

“Environmental Laws” means all applicable federal, state and local statutes, ordinances, rules, Orders, regulations and other provisions having the force of law, all judicial and administrative Orders and determinations, and all common law concerning pollution or protection of human health and the environment, including, without limitation, all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control or cleanup of any Hazardous Materials.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Estate Claims” has the meaning set forth in Section 5.1(f).

“Estates” has the meaning set forth in Section 5.1(f).

“Excluded Assets” has the meaning set forth in Section 1.2.

“Excluded Contracts and Leases” has the meaning set forth in Section 1.2(g).

“Excluded Liabilities” has the meaning set forth in Section 1.4.

“Excluded Real Property” means those parcels of Real Property listed on Exhibit B hereto.

“Executory Contracts” has the meaning set forth in Section 1.1(c).

“Existing Members” means each Person who, as of the Petition Date was a member of one of the Sellers’ three destination travel clubs as set forth on the list of Existing Members provided by Sellers to Buyer.

“Existing Membership Contracts” means the existing membership agreements between the Sellers and their Existing Members, each of which shall be rejected pursuant to Section 365 of the Bankruptcy Code.

“Expense Reimbursement” has the meaning set forth in Section 8.2(e).

“Government” means any agency, division, subdivision, audit group, procuring office or governmental or regulatory authority in any event or any adjudicatory body thereof, of the United States or any other country, or any state thereof.

“Hazardous Materials” means any hazardous or toxic substance or waste or any contaminant or pollutant regulated or otherwise creating liability under Environmental Laws, including, but not limited to, “hazardous substances” as defined by the Comprehensive Environmental Response Compensation and Liability Act, as amended, “toxic substance” as defined by the Toxic Substance Control Act, as amended, “hazardous wastes” as defined by the Resource Conservation and Recovery Act, as amended, “hazardous materials” as defined by the Hazardous Materials Transportation Act, as amended, thermal discharges, radioactive substances, PCBs, natural gas, petroleum products or byproducts, and crude oil.

“Improvements” mean the buildings, improvements and structures now existing on the Real Property and/or demised under any lease of, or other Contract for the use of, Real Property.

“Intangible Property” has the meaning set forth in Section 1.1(h).

“Inventory” has the meaning set forth in Section 1.1(k).

“IRS” means the Internal Revenue Service.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien (statutory or other) or conditional sale agreement, other than (a) a lessor’s interest in any property underlying any operating leases; or (b) any imperfection of title with respect to any asset that does not materially interfere with the present occupancy, use or marketability of such asset and the continuation of the present occupancy or use of such asset.

“Material Adverse Effect” means a state of facts, event, change or effect on the value of the Acquired Assets, or the enforceability of any Executory Contract(s), that results in a material adverse effect on the value of the Acquired Assets taken as a whole, but excludes any state of facts, event, change or effect caused by events, changes or developments relating to (A) any action of any or all of the Sellers pursuant to any Order of the Bankruptcy Court entered prior to the date hereof, including, without limitation, the implementation of this Agreement, the transactions contemplated by this Agreement, any of the Ancillary Agreements or the announcement thereof; (B) changes resulting from, or from any motion, application, pleading or Order filed related to, the Bankruptcy Cases; or (C) any act(s) of war or of terrorism.

“Motor Vehicles” has the meaning set forth in Section 1.1(m).

“New Membership Contracts” means the New Membership Contracts between the Buyer and Members as provided in the Consent Documents.

“Notice Date” has the meaning set forth in Section 5.1(f).

“Offeree” means each of the Sellers’ current vacation destination members and certain of the Sellers’ other unsecured creditors whose allowed pre-petition claims against the Sellers in the Sellers’ Bankruptcy Case total \$100,000 or more based on

either (i) a proof of claim filed in the Bankruptcy Case that has not been objected to or, if no such proof of claim has been filed or not objected to (ii) the Sellers' books and records.

"Order" has the meaning set forth in Section 4.1(c).

"Patriot" has the meaning set forth in Section 2.2(a).

"Patriot Payoff" has the meaning set forth in Section 2.2(a).

"PBGC" means the Pension Benefit Guaranty Corporation.

"Permitted Liens" mean: (a) all Liens set forth on Schedule 10.1; (b) Liens for Taxes, assessments and Government or other similar charges that are not yet delinquent, that relate to pre-petition periods or that are being contested in good faith; and (c) Liens that will attach to the proceeds of the sale under this Agreement pursuant to section 363 of the Bankruptcy Code or will not survive the Closing, in each case solely related to the Acquired Assets and Assumed Liabilities.

"Permits" has the meaning set forth in Section 1.1(e).

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or Government.

"Petition Date" has the meaning set forth in the preamble.

"Preliminary Report" has the meaning set forth in Section 5.1(f)

"Properties" has the meaning set forth in the preamble.

"Purchase Orders" has the meaning set forth in Section 1.1(j).

"Purchase Price" has the meaning set forth in Section 2.1.

"Real Property" has the meaning set forth in Section 1.1(a).

"Related Person" means, with respect to any Person, all past, present and future directors, officers, members, partners, managers, stockholders, employees, controlling persons, agents, professionals, attorneys, accountants, investment bankers or representatives of any such Person.

"Sale Order" has the meaning set forth in the preamble.

"Sales Obligations" has the meaning set forth in Section 1.1(i).

"Seller Parties" has the meaning set forth in Section 5.1(f).

"Seller Subsidiary" has the meaning set forth in Section 4.1(q).

“Sellers” has the meaning set forth in the preamble.

“Sellers’ Account” has the meaning set forth in Section 3.3(a).

“Sellers’ Knowledge” or any other similar term or knowledge qualification means the actual conscious knowledge of any of the Persons listed on Exhibit C hereto as of the date hereof, without inquiry.

“Subsidiary(ies)” means, when used with respect to any specified Person, any other Person (i) of which the specified Person or any Subsidiary thereof is a general partner, (ii) of which the specified Person or a Subsidiary thereof own at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions for such other Person of which owns the specified person or a Subsidiary thereof, or (iii) that is directly or indirectly controlled by the specified Person or any Subsidiary thereof.

“Target” has the meaning set forth in Section 5.1(f).

“Tax Code” means the Internal Revenue Code of 1986, as amended, or any similar body of foreign law in relation to Taxes to the extent applicable.

“Tax Return” means any foreign, domestic, local, state, or other report, return, information return, filing or other information, including any schedules, exhibits or attachments thereto, and any amendments to any of the foregoing required to be filed or maintained in connection with the calculation, determination, assessment or collection of any Taxes (including estimated Taxes).

“Taxes” means all foreign, domestic, local, state, or other taxes, however denominated, including any interest, penalties or additions to tax that may become payable in respect thereof, imposed by any Government, domestic or foreign, which taxes shall include all income taxes, payroll and employee withholding, unemployment insurance, social security (or similar), sales and use, excise, franchise, gross receipts, occupation, real and personal property, stamp, transfer, worker’s compensation, customs duties, registration, documentary, value added, alternative or add-on minimum, estimated, environmental (including taxes under section 59A of the Tax Code) and other obligations of the same or a similar nature, whether arising before, on or after the Closing Date; and “Tax” shall mean any one of them.

“Transaction Taxes” has the meaning set forth in Section 6.1.

“Unexpired Leases” has the meaning set forth in Section 1.1.

“WARN Act” has the meaning set forth in Section 5.7.

“Warrants” has the meaning set forth in Section 2.1.

“Warranty Termination” has the meaning set forth in Section 8.1(b).


“XRoads Report” has the meaning set forth in Section 5.1(f).

[Signatures are on the following page.]

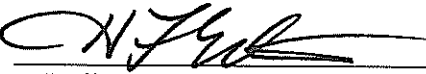
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

SELLERS:

COMPLETE RETREATS, LLC
PREFERRED RETREATS LLC
DISTINCTIVE RETREATS, LLC
PRIVATE RETREATS LLC
T&H VILLAS, LLC
TOWN CLUBS, LLC
PREFERRED AVIATION, LLC
PREFERRED RETREATS TRAVEL COMPANY, LLC
PREFERRED RETREATS DESIGN GROUP, LLC
P180, LLC
PRIVATE RETREATS STEAMBOAT, LLC
PRIVATE RETREATS TELLURIDE I, LLC
PRIVATE RETREATS KAMALANI, LLC
PRIVATE RETREATS SUMMIT, LLC
PRIVATE RETREATS TORTUGA, LLC
PRIVATE RETREATS WHITEWING, LLC
PRIVATE RETREATS BELFAIR, LLC
PRIVATE RETREATS CABIN 4, LLC
PRIVATE RETREATS CABIN 8, LLC
PRIVATE RETREATS COLINAS, LLC
PRIVATE RETREATS YACHT CLUB TORTOLA, LLC
PRIVATE RETREATS YACHT CLUB
MEDITERRANEAN, LLC
PRIVATE RETREATS CASA DORADA, LLC
PRIVATE RETREATS TETON I, LLC
PRIVATE RETREATS SNAKE RIVER I, LLC
PRIVATE RETREATS SNAKE RIVER II, LLC
PRIVATE RETREATS STOWE II, LLC
PRIVATE RETREATS STOWE III, LLC
PRIVATE RETREATS PRESERVE WAY, LLC
PRIVATE RETREATS HIGHPOINT, LLC
each as debtor and debtor-in-possession

By: 
Name: Holly Felder Etlin
Title: Chief Restructuring Officer and
Executive Vice President

PRIVATE RETREATS TORTOLA, LLC
PRIVATE RETREATS PINECONE 305, LLC
PRIVATE RETREATS DEER VALLEY I, LLC
PRIVATE RETREATS TAHOE I, LLC
PRIVATE RETREATS TAHOE II, LLC
PRIVATE RETREATS TAHOE III, LLC
PRIVATE RETREATS BELIZE, LLC
PREFERRED RETREATS HOSPITALITY, LLC
PRIVATE RETREATS POWELL II, LLC
PRIVATE RETREATS STEAMBOAT II, LLC
PRIVATE RETREATS POWELL III, LLC
OLDE CYPRESS I PR, LLC
OLDE CYPRESS II PR, LLC
PR ESPERANZA II, LLC
PR ESPERANZA III, LLC
PRIVATE RETREATS POWELL III, LLC
PR VEGAS III, LLC
LEGENDARY RETREATS, LLC
EUROPEAN RETREATS, LLC
DR ABACO, LLC
DISTINCTIVE RETREATS II, LLC (A/K/A
DISTINCTIVE RETREATS 2, LLC)
DR MGM I, LLC
DR MGM II, LLC
DR MGM III, LLC
DR MGM IV, LLC
DR CEREZAS, LLC
PRIVATE RETREATS NEVIS, LLC
A&K DESTINATIONS, LLC
A&K LUXURY AUTOMOBILES, LLC
LR MANAGEMENT COMPANY, LLC
NEW RETREATS HOLDING CO., LLC
PRIVATE RETREATS II, LLC
each as debtor and debtor-in-possession

By: 
Name: Holly Felder Etlin
Title: Chief Restructuring Officer and
Executive Vice President

BUYER:

ULTIMATE RESORT, LLC

By: 

Name: Jim Tousignant

Title: President and Chief Executive Officer

EXHIBIT A

List of Properties

Domestic Properties

8148 East Highpoint Drive Scottsdale, Arizona 85262
9391 East Whitewing Drive Scottsdale, Arizona 85262
9560 East Preserve Way Scottsdale, Arizona 85262
10040 East Happy Valley Road, # 400 Scottsdale, Arizona 85255
1199 Snow Crest Road Alpine Meadows, California 96146
1850 Village South Road, Unit #209 Olympic Valley, California 96146
1850 Village South Road, Unit #309 Olympic Valley, California 96146
192 Country Club Road Mountain Village, Colorado 81435
3012 Mountaineer Circle, Unit 13B Steamboat Springs, Colorado 80477
457 Mountain Village Road, Cabin 4 Mountain Village, Colorado 81435
457 Mountain Village Road, Cabin 8 Mountain Village, Colorado 81435
30 Cresta Road, #305 Edwards, Colorado 81632
550 West Depot Avenue, Unit 102 Telluride, Colorado 81435
550 West Depot Avenue, Unit 104 Telluride, Colorado 81435
1717 South Ocean Boulevard Delray Beach, Florida 33483
3084 Strada Bella Court Naples, Florida 34119
7398 Monteverde Way Naples, Florida 34119
4165 Kamalani Lane Princeville, Hawaii 96722
3800 Wailea Alanui Drive, #208 Kihei, Hawaii 96753
30 Mackenzie Lane Ketchum, Idaho 83340
#2, 116 Howard Drive Ketchum, Idaho 83340

One Central Park West, #300 New York, New York 10023
One Central Park West, #310 New York, New York 10023
One Central Park West, #1222 New York, New York 10023
One Central Park West, #1622 New York, New York 10023
125 Corys Lane, America Unit, Portsmouth, Rhode Island 02871
125 Corys Lane, America 3 Unit Portsmouth, Rhode Island 02871
10 Turtle Beach Lane Kiawah Island, South Carolina 29455-5452
14 West Cottage Circle Bluffton, South Carolina 29910
7447 Royal St. East, # 351 Park City, Utah 84060
7560 Royal Street East #2 Park City, Utah 84060
7560 Royal Street East #6 Park City, Utah 84060
4000 Mountain Road, Unit 551 Stowe, Vermont 05672
4000 Mountain Road, Unit 552 Stowe, Vermont 05672
7710 Granite Loop Road, Unit 12 Teton Village, Wyoming 83025
7710 Granite Loop Road, Unit 29 Teton Village, Wyoming 83025

Foreign Properties

Villa Paradiso, Lots 1, 10-15 and Villas 2-9, located on the real property described in Certificate of Title, dated June 20, 1988 and registered in Register Book 26 Folio 99 in the Island of Nevis.
Abaco Club Lot #5, #6, #42, #43 Abaco Club Lot #11A, 11B, 21A, 21B, 8A, 8B Winding Bay, Commonwealth of the Bahamas

<p>Casa Tortuga Lot 2, Parcel 19 Las Posadas Cabo del Sol Cabo San Lucas, B.C.S., Mexico</p>
<p>Villa del Sol Lot 33 Parcel 17, Las Colinas Cabo del Sol Cabo San Lucas, B.C.S., Mexico</p>
<p>Esperanza #1501 Carretera Transpeninsular KM, 7 Punta Ballena Cabo San Lucas, B.C.S., Mexico</p>
<p>Esperanza #1502 Carretera Transpeninsular KM, 7 Punta Ballena Cabo San Lucas, B.C.S., Mexico</p>
<p>Esperanza #1503 Carretera Transpeninsular KM, 7 Punta Ballena Cabo San Lucas, B.C.S., Mexico</p>
<p>Esperanza #1601 Carretera Transpeninsular KM, 7 Punta Ballena Cabo San Lucas, B.C.S., Mexico</p>
<p>Esperanza #1602 Carretera Transpeninsular KM, 7 Punta Ballena Cabo San Lucas, B.C.S., Mexico</p>
<p>Esperanza #1603 Carretera Transpeninsular KM, 7 Punta Ballena Cabo San Lucas, B.C.S., Mexico</p>
<p>Private Unit "Paraiso" located in the Villa Arrecife Condominium Cabo San Lucas, B.C.S., Mexico</p>
<p>Private Unit "Eternidad" located in the Villa Arrecife Condominium Cabo San Lucas, B.C.S., Mexico</p>

EXHIBIT B

Excluded Real Property

4165 Kamalani Lane	Princeville, HI
14 W. Cottage Circle	Bluffton, SC
Black Bear Condominiums	Park City, UT
61 Las Cerasas, Casa de Campo	Dominican Republic
Casa Dorada (Fractional)	Cabo San Lucas
Esparanza #1802 (Fractional)	Cabo San Lucas
St. James Place Unit 21 (Fractional)	Cabo San Lucas
Unit 7A, Rancho Manana (Fractional)	Scottsdale, AZ
River Club Condos, Units 102 & 104 (Fractional)	Telluride, CO
Grand Summit #476/478 (Fractional)	Park City, UT
Casa Aurora	Cayo Espanto, Belize
Casa Brisa	Cayo Espanto, Belize
Casa Estrella	Cayo Espanto, Belize
Casa Manana	Cayo Espanto, Belize
Casa Olita	Cayo Espanto, Belize

EXHIBIT C

Persons with Knowledge

Holly Felder Etlin

Jason I. Bitsky, Esq.

Schedule 1.1(c)

Executory Contracts

Counter-Party	Description
Administaff Companies II LLP	Personnel Management Services Agreement
Administaff Companies II LLP	Personnel Management Services Agreement
Bear Creek Property Rentals llc	Parking lease for unit J at the Wasatch Condominium complex
Bradford Grimes	Confidentiality Agreement
C T Corporation Staffing, Inc.	Staffing agreement dated 06/20/2005 for management staffing services.
Cindy Cornell	Employment Agreement
Clarks Management Co., Inc.	Vendor Contract Agreement
Contact London (Services) Limited	Residential management agreement
Corefacts	Consulting Contract
Country Club of Vermont	2006 Guest Vouchers agreement
CW Hotel Venture, LP	
d/b/a Hotel Solamar	Hotel room block agreement.
Daniel Walworth	Confidentiality Agreement
Daniel Walworth	Employment Agreement
Deer Valley Lodging	Maintenance agreement for Unit 2 in Inn at Silver Lake
Deer Valley Lodging	Maintenance agreement for Unit 6 in Inn at Silver Lake
Destination Resorts Hawaii, Inc.	Property Management Agreement
Distinctive Retreats	Management Agreement with Preferred Retreats LLC
Distinctive Retreats LLC	Management Agreement
Hastings Art Management Services, Inc.	Management Agreement
James H. Mitchell	Employment Agreement
Jason Bitsky	Confidentiality Agreement
Joel Norsworthy	Confidentiality Agreement
LL Johns Associates, Inc.	Insurance Provider for Avantair, Inc.
Paris Apartment Management	Management & Service Agreement
Preferred Retreats LLC	Management Agreement
Private Retreats LLC	Management Agreement
Resorts West	Unit maintenance agreement for 3220 Solamere
Resorts West	Unit maintenance agreement for Black Diamond #121 A&B
Resorts West	Unit maintenance agreement for Black Bear 351 A&B
Rommie Samai	Confidentiality Agreement
The Mark	Hotel room block agreement.
The Naples Beach Hotel & Golf Club	Recreation membership agreement.
The Phillips Club	Reservation agreement
Trump International Management Corp.	Hotel unit maintenance and operation agreement for Trust Tower Unit 300
Trump International Management Corp.	Hotel unit maintenance and operation agreement for Trust Tower Unit 310
Trump International Management Corp.	Hotel unit maintenance and operation agreement for Trust Tower Unit 1622
Trump International Management Corp.	Hotel unit maintenance and operation agreement for Trust Tower Unit 1222
Venetian Casion Resort, LLC	2005/2006 Domestic Hotel wholesale agreement
Venetian Casion Resort, LLC	2005/2006 Domestic Hotel wholesale agreement

Wanda Hairston
Western Slope Laundry Company

Employment Agreement
Laundry service agreement

Schedule 1.1(e)

Permits

[None]

Schedule 1.1(h)

General Intangibles

DOMAIN NAMES

distinctiveretreats.com	4-Aug-07
legendaryretreats.com	27-Mar-07
preferredretreats.com	18-Dec-06
preferred-retreats.com	18-Dec-06
Privateretreats.com	11-Apr-11
private-retreats.com	1-Jun-09
tandhvillas.com	20-Jun-07
tannerandhailey.com	6-May-07
tannerandhaley.com	6-May-07
tannerandhaleydestinationclubs.com	12-May-07
tannerandhaleydestinations.com	12-May-07
tannerandhaleyvillas.com	20-Jun-07
thdestinations.com	12-May-07

Schedule 1.2(g)

Excluded Executory Contracts and Unexpired Leases

[To be Provided by Buyer]

Schedule 1.3(a)

Ordinary Course Accounts Payable

[Subject to Change]

Equipment

US Bancorp	<u>651</u>
HOA	
Black Bear Owners Association	865
Grand Summit HOA	1,598
Topnotch Resort and Spa	188
Carnegie Abbey Club, LLC	15,057
Desert Highlands	790
Mountain Village Owner's Association	40
Wailea Beach Villas	<u>2,504</u>
Subtotal	21,042

Housekeeping

Mountain Resorts	<u>80</u>
Subtotal	80

Leases

Hotel Drisco	456
Trump International Hotel & Tower	<u>41,924</u>
Subtotal	42,380

Member Services

Abaco Club	<u>30,160</u>
Subtotal	30,160

Telephone

Andiamo Telecom	19
Cingular	370
Qwest	

	239
SBC	6,617
Verizon	<u>892</u>
Subtotal	8,137
Taxes	
Collier County Tax Collector	3,713
Blaine County Tax Collector	7,100
Maricopa County Treasurer	2,870
County of Maui - Real Property Tax	<u>6,202</u>
Subtotal	19,884
Utility	
Questar Gas	98
Time Warner Cable	<u>121</u>
Subtotal	<u>219</u>
Total	<u><u>\$122,552</u></u>

Schedule 3.2

[To Be Finalized]

Documents and Instruments Related to the Properties

A. CLOSING AND CONVEYANCE DOCUMENTS

1. Deed
2. Bill of Sale and General Assignment (Includes Intangibles)
3. Assignment and Assumption of Agreements (Service Contracts, Etc.)
4. Seller's Re-Certification of Reps and Warranties
5. Title Affidavit
6. Non-Foreign Affidavit
7. Approval of Conveyance by any homeowners or condominium association, if applicable
8. Waiver of any rights of first refusal by any homeowners or condominium association or other party, if applicable
9. Closing Statement
10. Original Contracts and other documents (permits, licenses, approvals, plans, specifications, guaranties, warranties, service manuals for appliances, etc.)
11. Keys, garage door openers, etc.
12. System codes for property (alarms, security, operation of property)
13. Notice Letters to Utility Companies
14. Notice Letters to Service Contractors
15. Transfer Tax Forms
16. Transfer Deed (Guaranty Trust)
17. Appraisal
18. Title Commitment
19. Updated Certificate of no Liens
20. Evidence that all water concession fees have been paid
21. Certificate of payment of property taxes
22. Evidence of filing of Preventive Notice
23. Assignment Agreement to transfer the concession permit for the Federal Maritime Zone
24. All other agreements assigned to the Buyer
25. Closing Statement

B. EVIDENCE OF AUTHORITY

26. Organizational and Authority Documents for Seller:
 - a. Certificate of Organization Certified by State where Seller is organized
 - b. Certificate of Good Standing (State where Seller is Organized and State where property is located)
 - c. Certified By-laws or Operating Agreement
 - d. Certified Resolution(s) Authorizing the Transaction
 - e. Public Deed containing Powers of attorney and official identification of Buyer's representative
 - f. Articles of Incorporation of Buyer
 - g. Public Deed containing Powers of attorney and official identification of Seller's representative
 - h. Articles of Incorporation of Seller

Schedule 4.1(d)

Consents and Approvals

None

Schedule 4.1(e)

Compliance with Laws

None

Schedule 4.1(f)

Litigation

See Attached.

LITIGATION

Case Name	Case No.	Nature of Proceeding	Court or Agency Location	Status or Disposition	CLAIM AMOUNT
Schlierf v Private Retreats		Negligence - fire in Dominican Rep. prop	Superior Court, 1061 Main St. Bridgeport, CT		Not specified (expected to be in the range of \$10 million)
Blaze Four Alarm Marketing v. Preferred Retreats, LLC	SC087709	Non-Payment of services rendered for marketing communications and public relations campaign betw 1/1/04-6/30/04	Superior Court of California, Las Angeles County	Default entered 4/28/06	\$24,270.00
Condor Trust v. Private Retreats, & Preferred Retreats	050500041CN	Breach of Lease Contract	Third Judicial District in and for Summit County, Utah		\$45,863.62 plus 18% default rate.
Creekside at Torian Plum,v. Private Retreats	77 115 00383 05 krli	Breach of Lease Contract	American Arbitration Association	Arbitrator's Award Granted 5/19/06. Not yet paid	\$16,023.58
Admaill West v Tanner & Haley Resorts,	05AS85285	Nonpayment of services rendered in connection with document production, storage and mailing services	Sacramento County Superior Court	Default Judgment Entered 1/5/06	\$112,529.20
Miles Hubers v Towne Clubs, Preferred Retreats, Private Retreats, Tanner & Haley	GIC856521	Breach of Contract for promise to refund investment in Towne Clubs	Superior Court of California, County of San Diego		\$1,040,000. and Writ of attachment on Property
Double AA Builders v. Preferred Retreats	CV2006-000095	Non Payment of contract - non payment of promissory note for payment for tenant improvements	Superior Court of Arizona, County of Maricopa	default entered 3/1/06	\$515,617.48
Intagio v. Preferred Retreats	74 147 Y 00206 06 BEAH	Non Payment of contract for advertising placement	American Arbitration Association		\$647,045.00

Claire Ring v. Preferred Retreats	CIV 06 363 PHX NVW	wrongful termination, sexual harassment	Agreement to Settle in preparation. Insurance Company to pay \$57,000		
TWC Borgata Holding v. Private Retreats	CV2006-004201	Breach of Lease	Superior Court of Maricopa County , AZ		\$282,570.12
Arizona Commercial Printing v. Private Retreats	CV2006-004883	Nonpayment of bill for services	Superior Court of Maricopa County , AZ	Default Entered 6/15/06 - Notice of Filing of Foreign Judgment filed in MO 7/10/06 Garnished Kansas City Bank account for \$170,021.90 on7/19/06	\$163,403
Bradford Carner	06 C 84	Nonpayment of bill for services	County CT Aspen CO		\$15,000
Innovative Transportation Solutions v.Tanner & Haley	CV2006-00542	Nonpayment of bill for services	Superior Court of Maricopa County , AZ		\$93,000.00
McGraw Hill v. Preferred Retreats	06AE CV01139	Nonpayment of bills for publications	Circuit Court, Platte Co, MO		\$237,310.96
JJD Properties v. Distinctive Retreats	INC 058494	Nonpayment of 7 day redemption	Superior Court, Riverside Co. Indio Branch, CA	Default entered 6/20/06 - 7/19/06	\$273,350.00
Mindspace v. Private Retreats	CV2006-09112	Non payment of Bill for services	Superior Court AZ Maricopa		\$99,421.00
Robert Napoli	CV2006-009639	Non refund of deposit	Superior Court Arizona Maricopa County		\$70,000
Gadisalli Partnership v. Private Retreats	A-120,590	Redemption	District Court Ector County Texas		\$250,000

DMB Market Street v. Preferred Retreats		Breach of Lease	Superior Court AZ Maricopa	Settlement Reached - first payment due upon signing	\$3,470,000 settlement - \$400,000 if paid over 4 installments or entry of \$900,000 judgment
Deconalva SA adv. Century Corp. Ltd.		Non payment for labor & materials	Nevis		\$1,170,615.00
Pinnacle Corporate Finance Group LLC on behalf of Town Clubs, LLC and Gary Pryor v. Rob McGrath Tom Fulton Preferred Retreats, LLC and Town Clubs LLC	CA No 1371-N	breach of agreement	Delaware Court of Chancery , New Castle County South Carolina		
Berkeley Hall Club Inc. v. Fairway International Clubs, Private Retreats and Jim Mitchell	Civil Action No 2006-CP-07-1634	Debt Collection	County of Beaufort, Court of Common Pleas Circuit Court 20th Judicial		
William Kozy, C. Kozy v. Private Retreats	2006-1131-CA	Eviction from Rental House and damages	Circuit for Collier County District Court of Travis County, 200 Judicial District		\$15,000 plus fees and eviction
Thomas A. Feo vs. Distinctive Retreats, L.L.C.	D-1-GN-06-002412	Breach of Membership Contract Breach of Membership Contract; Breach of Implied Duty of Good Faith and Fair Dealing; Violation of Connecticut Unfair Trade Practices Act (failure to return deposit).	United States District Court for the District of Connecticut (Hartford)		Return of Membership Fee and damages. Return of Membership Fee and damages (compensatory, punitive and attorneys fees)
William W. Whelan v. Private Retreats, LLC	3:06CV1088 (CFD)				

Threatened Litigation

PARTY	DATE OF LETTER	Attorney	ISSUE	DEMAND AMOUNT
Dow Jones & Co	02/23/06	George Stella Barnes &	Non-payment of Bills -	\$104,000.00
Katalina Group	02/17/06	Thornburg	Non-payment of Bills -	\$176,403.31
Daniel Edelman	01/30/06	Klein & Becker	Non-payment of Bills - nonpayment of real estate comm.	\$83,104.00
CBRE Richard Ellis				\$58,724.00
David Zweiner	02/10/06	Eugene Riccio	redemption	\$425,000.00
Susan Hepner	02/13/06	Neil Gurvitch	redemption	\$475,000.00
Ann Colman	02/07/06	Kenneth Coren	redemption	
Shelagh James	02/13/06	Mark Brantley	Wrongful Termination	
Christopher Fragakis	02/27/06	Murray Klein	Shareholder Distribution	\$30,000.00
Carnegie Abbey UpgradeBiz & Mosteller	03/17/06		Non payment of Bills	\$65,171.33
Carol Green	03/13/06	Steven Untiedt	Non-payment of Bills - redemption	\$20,000.00
WF Whelan	05/09/06	Roger Lewis Charles Pieterse	redemption	\$250,000
B Hannah, LLC	06/09/06	Barry Janay Philip	Non payment of Bills	\$11,900
Marc Goodrich	05/25/06	Calderone	redemption	\$216,932.00
Thomas Feo	05/19/06		redemption	\$475,000.00
Dean Stevinson	04/05/06	James Krendl	redemption	\$392,000.00
John Stookey	03/28/06		Towne Clubs redemption	\$50,000.00
Don Bechen	06/19/06	Steven Lovett	redemption	\$445,000
				\$450,000 (plus 12% per annum from April 26, 2006)
James Gilbert	07/20/06	Shaun B. Spencer	Redemption/mis-use of Membership Fee	

Schedule 4.1(h)

Executory Contracts and Unexpired Leases

1. Alleged default or termination regarding 3 Blue Seas units in Cabo owned by Kleeman.
2. Alleged termination of lease regarding 3056 Mountaineer in Steamboat owned by Joel Liffman.
3. Alleged issues regarding Harold Van Arnhem-Stevens Dr in Telluride.
4. Alleged termination regarding Sugar Hill in Stowe.

Schedule 4.1(l)

Environmental Matters

[None]

Schedule 4.1(m)

ERISA

Medical Dental & Vision
Medical Dental & Vision - In Areas Not
Serviced By United Healthcare
Short-Term / Long-Term Disability

Optional Life

401(k)

United Healthcare

Pacific Care

Cigna

Cigna

Administaff - Plan Administrator;
Reliance Trust Company (Trustee)

Schedule 4.1(n)

Zoning Notices

Notice from Home Owner Association regarding the Seasons at April Mountain Condominium Association located in Park City, Utah. Sellers have agreed to exit the properties on or before the end of May, 2007.

Notice from Home Owner Association regarding Bachelor Gulch Village Condominium Board, located in Vail, Colorado. Sellers have agreed to exit the properties on or before the end of January 16, 2007.

Notice from Home Owner Association at Mountain Village in Telluride, Colorado.

Schedule 4.1(o)

Rights of Use or Occupancy

See Schedules 4.1(h) and 4.1(n).

The following properties are lots that remain under development, not houses, and as such are not connected to the utilities or fit for operation and require additional work:

<u>Location</u>	<u>Description</u>
Bahamas	Abaco Club # 11A LOT
Bahamas	Abaco Club # 11B LOT
Bahamas	Abaco Club # 21A LOT
Bahamas	Abaco Club # 21B LOT
Bahamas	Abaco Club # 8A LOT
Bahamas	Abaco Club # 8B LOT
Nevis	Villa Paradiso #1 LOT
Nevis	Villa Paradiso #10 LOT
Nevis	Villa Paradiso #11 LOT
Nevis	Villa Paradiso #12 LOT
Nevis	Villa Paradiso #13 LOT
Nevis	Villa Paradiso #14 LOT
Nevis	Villa Paradiso #15 LOT

Schedule 4.1(q)

Taxes

2005 Federal Tax returns

2004 Federal Tax returns (filed, but will amended)

Schedule 6.2

Proration

[To be agreed upon]

Schedule 6.4

Allocation

[To be agreed upon]

Schedule 10.1

Permitted Liens